

ANNUAL BUDGET OF
**ENGCOBO LOCAL
MUNICIPALITY**

2016/17 TO 2018/19

REVENUE AND EXPENDITURE
FORECASTS

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Abbreviations and Acronyms

BPC	Budget Planning Committee		Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
DoRA	Division of Revenue Act	MSA	Municipal Systems Act
EE	Employment Equity	MTEF	Medium-term Expenditure Framework
EM	Executive Mayor	MTREF	Medium-term Revenue and Expenditure Framework Regulator South Africa
FBS	Free basic services		
GAMAP	Generally Accepted Municipal Accounting Practice	NGO	Non-Governmental organisations
GDP	Gross domestic product	NKPIs	National Key Performance Indicators
GFS	Government Financial Statistics	OHS	Occupational Health and Safety
GRAP	General Recognised Accounting Practice	OP	Operational Plan
HR	Human Resources	PMS	Performance Management System
HSRC	Human Science Research Council	PPE	Property Plant and Equipment
IDP	Integrated Development Strategy	SALGA	South African Local Government Association
IT	Information Technology	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act		

Part 1 – Annual Budget

1.1 Mayor’s Report

It is that time of the year as required by the MFMA section 16 (2) which stipulate that a municipal council must consider and approve an annual budget,

I stand before you today to table the annual budget for consideration by the council that will be the tool used for the next year in ensuring that the lives of the communities are improved through sustainable service delivery to them.

Steps to prepare the annual budget have been followed starting with the approval of the budget process plans and compiling the budget. The municipality has developed an IDP which is a tool which gives guidance to the future plans of the municipality. Based on the IDP, SDBIP has been developed which gives a clear picture of the needs of each department. The budget has been prepared based on the plans as highlighted on the IDP.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. A critical review was also undertaken of expenditures on noncore items.

Table A4: Budget financial performance:

EC137 Engcobo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	2,893	2,773	2,999	4,000	3,611	3,611	3,611	3,800	4,036	4,274
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	1,227	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	778	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	700	679	725	1,000	1,000	1,000	1,000	850	903	956
Service charges - other											

Rental of facilities and equipment		177	270	247	390	390	390	390	270	287	3,037
Interest earned - external investments		2,267	2,775	2,839	3,500	3,500	3,500	3,500	5,500	5,841	6,186
Interest earned - outstanding debtors			-						400	425	450
Dividends received			-								
Fines		35	12	17	100	100	100	100	50	53	56
Licences and permits		3,624	3,938	3,668	5,500	5,500	5,500	5,500	6,500	6,903	7,310
Agency services											
Transfers recognised - operational		103,266	96,341	112,537	139,046	139,046	139,046	139,046	144,507	151,332	158,423
Other revenue	2	433	2,308	988	1,265	36,654	36,654	37,820	1,459	29,709	21,939
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		115,400	109,096	124,021	154,801	189,801	189,801	190,967	163,336	199,488	202,630
Expenditure By Type	-										
Employee related costs	2	23,148	39,296	46,714	47,054	47,487	47,487	47,487	57,993	57,446	60,836
Remuneration of councillors		10,337	10,897	11,941	12,325	12,167	12,167	12,167	12,287	13,049	13,819
Debt impairment	3	3,528	303	705	2,000	2,000	2,000	2,000	2,800	2,974	3,149
Depreciation & asset impairment	2	29,810	32,673	37,035	40,000	40,000	40,000	40,000	40,000	42,480	44,986
Finance charges	2	2	69	450							
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	5,273			7,135	8,107	8,107	8,107	4,920	5,225	5,533
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		2,168	2,014	2,513	3,000	3,000	3,000	3,000	3,000	3,186	3,374
Other expenditure	4, 5	66,530	68,662	64,447	57,467	81,623	81,623	129,073	69,973	78,355	82,977
Loss on disposal of PPE		22,218	3,932	1,582							
Total Expenditure		163,013	157,845	165,387	168,981	194,385	194,385	241,834	190,972	202,715	214,674
Surplus/(Deficit)		(47,613)	(48,750)	(41,366)	(14,180)	(4,584)	(4,584)	(50,867)	(27,637)	(3,227)	(12,044)
Transfers recognised - capital		54,832	84,139	46,804	57,304	57,304	57,304	57,304	80,431	59,392	71,524
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480
Taxation											
Surplus/(Deficit) after taxation		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480

Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480

The budget is in deficit as a result of non-cash items which is Depreciation, leave provision and provision for bad debts. The statement of financial performance shows that our budget is fully funded with a surplus of R52 794 000 that is going to fund capital expenditure. The Municipality need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

BUDGET HIGHLIGHTS

The Municipality has remained focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The municipality has set aside R2 000 000 for development of its employees; this will help to capacitate the employees on the areas where development is needed and R1 000 000 also bursaries for the disadvantaged youth within our borders,

The budget sees to enhance service delivery aimed at improving the quality of life for all people within Engcobo Local Municipality

The emphasis on the budget are on creation of job opportunities through rural developments, Community projects and EPWP program and other LED programs. The municipality has embarked on a program to fight HIV and AIDS through partnership with Health department.

Table SA21 Transfers and grants:

EC137 Engcobo - Supporting Table SA21 Transfers and grants made by the municipality

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Transfers to Organisations										
<i>Payments to Eskom for Free basic service & to Kwazulu Energy for supply of solar s</i>	2,168	2,014	2,513	3,000	3,000	3,000	3,000	3,000	3,186	3,374
Total Cash Transfers To Organisations	2,168	2,014	2,513	3,000	3,000	3,000	3,000	3,000	3,186	3,374
Cash Transfers to Groups of Individuals										

Total Cash Transfers To Groups Of Individuals:	-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	2,168	2,014	2,513	3,000	3,000	3,000	3,000	3,000	3,186	3,374

The municipality continues to provide the free basic services (electricity & Solar) to indigent community.

EMPLOYEE COSTS

All the post on the approved organogram has been provided for in this budget, Actual figures of February were used to project the total cost of employee cost for 2016/2017 financial year. As per Circular 79 the Following percentages were used to budget for employee cost.

7.6% Salary increase

2.5% notch increment.

Employee costs has been increased by 10.1%

1.2 Council Resolutions

Ordinary council meeting dated 31 March 2016 held at Engcobo municipality`s new council chamber @ 11h00

5.3. Annual Budget.

Annual Budget

The annual budget for the whole institution was presented by the Honourable Mayor, he reported that the BTO office set with each department and section heads to draft the budget for 2016/17 financial year. The mayor further highlighted that the annual budget is an activity based budget, in drafting it they looked at the spending habits of each department in the current financial year as a tool to assist in budgeting for the next financial year.

EC137 Engcobo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
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Revenue By Source											
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Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	1,227	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	778	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	700	679	725	1,000	1,000	1,000	1,000	850	903	956
Service charges - other											
Rental of facilities and equipment		177	270	247	390	390	390	390	270	287	3,037
Interest earned - external investments		2,267	2,775	2,839	3,500	3,500	3,500	3,500	5,500	5,841	6,186
Interest earned - outstanding debtors			-	-					400	425	450
Dividends received			-	-							
Fines		35	12	17	100	100	100	100	50	53	56
Licences and permits		3,624	3,938	3,668	5,500	5,500	5,500	5,500	6,500	6,903	7,310
Agency services											
Transfers recognised - operational		103,266	96,341	112,537	139,046	139,046	139,046	139,046	144,507	151,332	158,423
Other revenue	2	433	2,308	988	1,265	36,654	36,654	37,820	1,459	29,709	21,939
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Expenditure By Type											
Employee related costs	2	23,148	39,296	46,714	47,054	47,487	47,487	47,487	57,993	57,446	60,836
Remuneration of councillors		10,337	10,897	11,941	12,325	12,167	12,167	12,167	12,287	13,049	13,819
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Depreciation & asset impairment	2	29,810	32,673	37,035	40,000	40,000	40,000	40,000	40,000	42,480	44,986
Finance charges		2	69	450							
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	5,273			7,135	8,107	8,107	8,107	4,920	5,225	5,533
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		2,168	2,014	2,513	3,000	3,000	3,000	3,000	3,000	3,186	3,374
Other expenditure	4, 5	66,530	68,662	64,447	57,467	81,623	81,623	129,073	69,973	78,355	82,977

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Total Expenditure		163,013	157,845	165,387	168,981	194,385	194,385	241,834	190,972	202,715	214,674
Surplus/(Deficit)		(47,613)	(48,750)	(41,366)	(14,180)	(4,584)	(4,584)	(50,867)	(27,637)	(3,227)	(12,044)
Transfers recognised - capital		54,832	84,139	46,804	57,304	57,304	57,304	57,304	80,431	59,392	71,524
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480
Taxation											
Surplus/(Deficit) after taxation		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480

The tariffs have been increased by 6.6% besides the tariff for rates and refuse for households, the tariffs for business and Government department have been increased. The budget for refuse have been decreased because the billing for refuse was less than the budgeted amount for previous year. The overall budget for revenue have increased, the municipality will construct a second testing ground to increase own revenue. The overall expenditure have decreased because the allocation for equitable share have decreased. The allocation for transfers recognized capital have increased.

The budget have Surplus of R52 794 000 this include non-cash items that amount to R42 800 000 the surplus will be able to fund Capital projects.

EC137 Engcobo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote	2										
Multi-year expenditure to be appropriated											
Executive & Council		-	-	-	-	-	-	-	-	-	-
Municipal manager		-	-	-	-	-	-	-	-	-	-
Corporate Services		-	-	-	-	-	-	-	-	-	-
Community services		-	-	-	-	-	-	-	-	-	-
Financial Services		-	-	-	-	-	-	-	-	-	-
INFRASTRUCTURAL ENGINEERING		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
7.1 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.2 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.3 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.4 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.5 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.6 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.7 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.8 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Executive & Council		-	-	350	1,010	1,054	1,054	1,054	1,650	1,752	1,856
Municipal manager		-	-	945	3,300	4,507	4,507	4,507	2,850	3,027	3,205
Corporate Services		319	3,980	70	2,250	2,151	2,151	2,151	2,400	2,549	2,699
Community services		1,266	-	675	3,335	3,335	3,335	3,335	9,654	10,253	10,857
Financial Services		40	-	231	370	310	310	310	420	446	472
INFRASTRUCTURAL ENGINEERING		29,055	44,591	41,614	73,904	91,958	91,958	91,958	78,641	83,517	88,444
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
7.1 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.2 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.3 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.4 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.5 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.6 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-

7.7 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.8 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		30,681	48,571	43,884	84,169	103,316	103,316	103,316	95,615	101,543	107,534
Total Capital Expenditure - Vote		30,681	48,571	43,884	84,169	103,316	103,316	103,316	95,615	101,543	107,534
Capital Expenditure - Standard											
<i>Governance and administration</i>		359	3,980	651	3,800	3,685	3,685	3,685	4,870	5,172	5,477
Executive and council				350	1,180	1,224	1,224	1,224	2,050	2,177	2,306
Budget and treasury office		40		231	370	310	310	310	420	446	472
Corporate services		319	3,980	70	2,250	2,151	2,151	2,151	2,400	2,549	2,699
<i>Community and public safety</i>		1,266	-	675	3,335	3,335	3,335	3,335	9,654	10,253	10,857
Community and social services		1,266		675	3,335	3,335	3,335	3,335	9,654	10,253	10,857
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		28,279	34,172	42,559	57,034	76,295	76,295	76,295	51,091	54,259	57,460
Planning and development				945	3,130	4,337	4,337	4,337	2,450	2,602	2,755
Road transport		28,279	34,172	41,614	53,904	71,958	71,958	71,958	48,641	51,657	54,704
Environmental protection											
<i>Trading services</i>		777	10,419	-	20,000	20,000	20,000	20,000	30,000	31,860	33,740
Electricity					20,000	20,000	20,000	20,000	30,000	31,860	33,740
Water		777									
Waste water management			10,419								
Waste management											
<i>Other</i>											
Total Capital Expenditure - Standard	3	30,681	48,571	43,884	84,169	103,316	103,316	103,316	95,615	101,543	107,534
Funded by:											
National Government		29,904	47,963	34,664	57,304	57,304	57,304	57,304	80,431	59,392	71,524
Provincial Government											
District Municipality		353									
Other transfers and grants											
Transfers recognised - capital	4	30,257	47,963	34,664	57,304	57,304	57,304	57,304	80,431	59,392	71,524
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		424	608	9,221	26,865	46,012	46,012	46,012	15,184	42,151	36,010
Total Capital Funding	7	30,681	48,571	43,884	84,169	103,316	103,316	103,316	95,615	101,543	107,534

Our capital budget will be funded by transfers from National Government and our own revenue. The funding from our own revenue have decreased because the municipality is not going to purchase new plant this financial year compared to previous year.

Resolutions:

It was resolved that

- **Res 06/31/03/2016-** the Annual budget should be adopted as working documents with the possibility of minor changes leading to the adoption of final documents by the council.

1.3. Executive Summary

As required by the section 24 of the Municipal Finance Management Act, (Act 56 of 2003) which stipulate that a municipal council must consider and approve an Annual budget

Steps to prepare the new budget have been followed starting with the approval of the budget process plans and policies to be used when compiling the budget. The municipality has developed an IDP which is a tool which gives guidance to the future plans of the municipality. Based on the IDP, SDBIP has been developed which gives a clear picture of the needs of each department. The budget has been prepared based on the plans as highlighted on the IDP.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone, printing, workshops, national travel, accommodation, Subsistence and travelling allowances, overtime and catering.

The budget is in deficit as a result of non-cash Items which is Depreciation, leave provision and provision for bad debts. The cash flow shows that our budget is fully funded with a surplus of R1 955 000. The Municipality need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

National Treasury's MFMA Circular No. 79 was used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarized as follows:

- Aging and poorly maintained roads.

- The need to prioritize projects and expenditure within low revenue base.
- Agreeing with the communities on the tariffs as they raise dis-satisfaction on certain areas on service delivery.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The budget has been prepared based on the plans as highlighted on the IDP.
- Activity based costing was used as each items on the budget is supported by a list or motivation setting out the intention and cost of the expenditure.
- Inflation rate was use as guide on determining tariffs for the municipality

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

1.4 Table 1 Consolidated Overview of the 2016/17 MTREF:

EC137 Engcobo - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	2,893	2,773	2,999	4,000	3,611	3,611	3,611	3,800	4,036	4,274
Service charges	2,705	679	725	1,000	1,000	1,000	1,000	850	903	956
Investment revenue	2,267	2,775	2,839	3,500	3,500	3,500	3,500	5,500	5,841	6,186
Transfers recognised - operational	103,266	96,341	112,537	139,046	139,046	139,046	139,046	144,507	151,332	158,423
Other own revenue	4,269	6,528	4,920	7,255	42,644	42,644	43,810	8,679	37,377	32,792
Total Revenue (excluding capital transfers and contributions)	115,400	109,096	124,021	154,801	189,801	189,801	190,967	163,336	199,488	202,630
Employee costs	23,148	39,296	46,714	47,054	47,487	47,487	47,487	57,993	57,446	60,836
Remuneration of councillors	10,337	10,897	11,941	12,325	12,167	12,167	12,167	12,287	13,049	13,819
Depreciation & asset impairment			37,035	40,000	40,000	40,000	40,000	40,000	42,480	44,986

	29,810	32,673								
Finance charges	2	69	450	-	-	-	-	-	-	-
Materials and bulk purchases	5,273	-	-	7,135	8,107	8,107	8,107	4,920	5,225	5,533
Transfers and grants	2,168	2,014	2,513	3,000	3,000	3,000	3,000	3,000	3,186	3,374
Other expenditure	92,276	72,897	66,734	59,467	83,623	83,623	131,073	72,773	81,328	86,126
Total Expenditure	163,013	157,845	165,387	168,981	194,385	194,385	241,834	190,972	202,715	214,674
Surplus/(Deficit)	(47,613)	(48,750)	(41,366)	(14,180)	(4,584)	(4,584)	(50,867)	(27,637)	(3,227)	(12,044)
Transfers recognised - capital	54,832	84,139	46,804	57,304	57,304	57,304	57,304	80,431	59,392	71,524
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480
<u>Capital expenditure & funds sources</u>										
Capital expenditure	30,681	48,571	43,884	84,169	103,316	103,316	103,316	95,615	101,543	107,534
Transfers recognised - capital	30,257	47,963	34,664	57,304	57,304	57,304	57,304	80,431	59,392	71,524
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	424	608	9,221	26,865	46,012	46,012	46,012	15,184	42,151	36,010
Total sources of capital funds	30,681	48,571	43,884	84,169	103,316	103,316	103,316	95,615	101,543	107,534
<u>Financial position</u>										
Total current assets	63,995	55,071	54,487	99,825	98,731	98,731	98,731	246,415	235,707	256,419
Total non current assets	287,598	309,901	314,948	352,857	352,857	352,857	352,857	371,893	394,958	418,261
Total current liabilities	43,766	34,740	33,384	125,764	129,188	129,188	129,188	20,240	21,495	22,763
Total non current liabilities	-	-	382	-	-	-	-	-	-	-
Community wealth/Equity	307,827	330,232	335,670	326,919	322,401	322,401	322,401	388,264	412,647	436,993

Cash flows										
Net cash from (used) operating	42,789	31,910	42,723	85,624	95,832	95,832	95,832	95,638	105,450	111,672
Net cash from (used) investing	(29,701)	(41,321)	(40,618)	(84,169)	(94,291)	(94,291)	(94,291)	(95,615)	(101,543)	(107,534)
Net cash from (used) financing	-	(73)	(275)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	74,568	51,995	51,040	52,495	52,581	52,581	105,592	104,075	107,982	112,119
Cash backing/surplus reconciliation										
Cash and investments available	61,480	49,211	51,040	89,115	89,115	89,115	89,115	243,765	232,893	253,438
Application of cash and investments	40,343	17,929	13,611	68,312	68,391	68,391	68,621	2,152	3,690	3,775
Balance - surplus (shortfall)	21,137	31,282	37,429	20,802	20,723	20,723	20,493	241,613	229,202	249,663
Asset management										
Asset register summary (WDV)	30,854	48,821	282,297	88,505	274,462	274,462	371,730	371,730	409,058	450,120
Depreciation & asset impairment	29,810	32,673	37,035	40,000	40,000	40,000	40,000	40,000	42,480	44,986
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	5,273	4,179	4,496	7,385	8,108	8,108	4,920	4,920	5,225	5,533
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	49	49	49	49	49	49	49	49	49	49
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Transfers recognized operation have decrease by R4 538 000 because of the allocation of Equitable share that have decreased own revenue has decreased by R23 576 Million for the 2016/17 financial year when compared to the 2015/16 Budget because there was Equipment that was budget in 2014/15 financial year but because of non-response of the bidders the plant was not procured in that financial year it end being procured in 2015/16 financial year. For the two outer years, operational revenue will increase by R36 164 million and R3 155 million per cent respectively, equating to a total revenue growth of R49 708 million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R190 172 Million. The deficit before capital revenue is as result of Depreciation [R40 Million) and Provisions R2, 8 Million. The increase in current year transfers recognized capital is due to increase in MIG allocation. The surplus for the year will not be able to fund Capital Project; this is a result of non-cash Items which are part of operating expenditure. However the cash flow dos how that capital Projects are fully funded.

The capital budget of R95 615 million for 2016/17 is 20 per cent more when compared to the 2015/16 Budget. The increase is due to the funding of MIG projects that have increased. A substantial portion of the capital budget will be funded from Government grants.

Operating Revenue Framework

For Engcobo to continue improving the quality of services provided to its citizens it needs to generate the required revenue and increase its revenue base. The reality is that we are faced with backlogs on Road and Electrification. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;

- The municipality’s Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality’s Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

Table 2 Summary of revenue classified by main revenue source:

EC137 Engcobo - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		66,220	192,555	170,100	76,833	85,482	85,482	84,858	90,119	95,436
Executive and council		37,088	-	-	31,097	31,664	31,664	35,450	37,648	39,869
Budget and treasury office		7,064	192,555	170,100	27,753	32,442	32,442	29,976	31,834	33,712
Corporate services		22,068	-	-	17,983	21,377	21,377	19,432	20,637	21,854
<i>Community and public safety</i>		2,792	-	-	24,598	26,441	26,441	30,503	32,394	34,305
Community and social services		292	-	-	24,598	26,441	26,441	30,503	32,394	34,305
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2,500	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		76,375	-	-	89,674	114,182	114,182	97,556	115,464	113,457
Planning and development		3,496	-	-	18,703	33,527	33,527	29,575	31,409	33,262
Road transport		72,880	-	-	70,972	80,655	80,655	67,981	84,056	80,195
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		24,845	679	725	21,000	21,000	21,000	30,850	20,903	30,956
Electricity		-	-	-	20,000	20,000	20,000	30,000	20,000	30,000
Water		23,012	-	-	-	-	-	-	-	-
Waste water management		778	-	-	-	-	-	-	-	-
Waste management		1,055	679	725	1,000	1,000	1,000	850	903	956
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	170,232	193,234	170,825	212,105	247,105	247,105	243,767	258,880	274,154
Expenditure - Standard	-									

<i>Governance and administration</i>		78,960	157,845	62,368	114,078	121,743	121,743	118,202	125,477	132,880
Executive and council		37,088	153,914	49,722	29,917	29,643	29,643	30,729	32,156	34,053
Budget and treasury office		19,804	-	12,646	68,428	72,862	72,862	66,953	71,529	75,749
Corporate services		22,068	3,932	-	15,733	19,238	19,238	20,520	21,792	23,078
<i>Community and public safety</i>		3,000	-	22,387	22,263	23,190	23,190	24,209	25,710	27,227
Community and social services		-	-	22,387	22,263	23,190	23,190	24,209	25,710	27,227
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		3,000	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		56,447	-	78,086	32,640	49,452	49,452	48,561	51,528	54,567
Planning and development		5,091	-	12,221	15,573	29,672	29,672	30,971	32,892	34,832
Road transport		51,356	-	65,865	17,068	19,781	19,781	17,590	18,636	19,735
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		24,606	-	2,546	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		24,606	-	2,546	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	163,013	157,845	165,387	168,981	194,385	194,385	190,972	202,715	214,674
Surplus/(Deficit) for the year		7,219	35,389	5,438	43,124	52,720	52,720	52,794	56,165	59,480

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms an insignificant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2016/17 financial year, revenue from rates and refuse removal of R4 650 Million because of the low revenue collection rate the municipality decided not to increase the budget for these sources of income.

Property rates are the second largest revenue source totaling to R3 800 Million rand. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees.

Operating grants and transfers amount to R134 507 Million in the 2016/17 and R80 435 Million for Capital Transfers in 2016/17 financial year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts:

EC137 Engcobo - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		78,402	90,044	108,212	139,046	139,046	139,046	134,507	142,830	149,434
Local Government Equitable Share		76,102	86,604	103,995	134,844	134,844	134,844	130,882	139,012	145,476
Local government financial management grant		1,500	1,550	1,600	1,600	1,600	1,600	1,625	1,700	1,700
Municipal systems improvements grant		800	890	930	930	930	930		#####	#####
Expanded public works programme integrated grant for municipalities			1,000	1,687	1,672	1,672	1,672	2,000		
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		19,218	-	-	-	-	-	10,000	10,620	11,247
<i>CHDM GRANT</i>		19,218						10,000	10,620	11,247
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										

Total Operating Transfers and Grants	5	97,620	90,044	108,212	139,046	139,046	139,046	144,507	153,450	160,680
Capital Transfers and Grants										
National Government:		56,227	59,006	46,804	57,304	57,304	57,304	80,431	59,392	71,524
Municipal Infrastructure Grant (MIG)		26,227	59,006	35,804	37,304	37,304	37,304	50,431	39,392	41,524
Electrification		30,000		11,000	20,000	20,000	20,000	30,000	20,000	30,000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
CHDM GRANT										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	56,227	59,006	46,804	57,304	57,304	57,304	80,431	59,392	71,524
TOTAL RECEIPTS OF TRANSFERS & GRANTS		153,847	149,050	155,016	196,350	196,350	196,350	224,938	212,842	232,204

This table have list of all Grants we receive from National Treasury and transfer recognized operational amount to R134 507 Million and R80 431 Million for Capita transfers.

1.5 Operating Expenditure Framework:

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

The budgeted allocation for employee related costs for the 2016/17 financial year amount to R57 993 Million, which equals 35% per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 10.1 per cent for the 2016/17 financial year, this include 7.6% as per circular 79 plus 2.5% Salary Notch Increment. An annual increase of 5.9 & 6.5 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality budget.

The provision of debt impairment was determined based on an annual collection rate of 97 per cent and the Debt Write-off Policy of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Budget appropriations in this regard total R42 800 million for the 2016/17 financial and equates to 24.73 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, tipping of gravel roads. In line with the Municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Other expenditure has declined by 14 per cent for 2016/17 and curbed at 5.9 and 6.5 per cent for the two outer years, indicating that significant cost savings have been already realized.

Aligned to the priority being given to preserving and maintaining the Municipality current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but

an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 5 Operational repairs and maintenance:

EC137 Engcobo - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
-										
<u>Infrastructure</u>		1,416	4,178	4,496	3,500	4,080	4,080	2,250	2,390	2,530
Infrastructure - Road transport		647	4,178	4,496	3,000	4,000	4,000	2,000	2,124	2,249
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>		647	4,178	4,496	3,000	4,000	4,000	2,000	2,124	2,249
Infrastructure - Electricity		402	-	-	500	80	80	100	106	112
<i>Generation</i>										
<i>Transmission & Reticulation</i>		402			250					
<i>Street Lighting</i>					250	80	80	100	106	112
Infrastructure - Water		366	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>		366								
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	150	159	169
<i>Waste Management</i>								150	159	169
<i>Transportation</i>	2									

Gas										
Other	3									
Community		-	-	-	-	-	-	-	-	
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	
Housing development										
Other										
Other assets		3,857	-	-	3,885	4,028	4,028	2,670	2,836	3,003
General vehicles		2,838			800	804	804	570	605	641
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment					1,765	1,630	1,630	1,050	1,115	1,181
Computers - hardware/equipment					200	30	30	50	53	56
Furniture and other office equipment		458								
Abattoirs										
Markets										
Civic Land and Buildings										

Other Buildings		561			100	230	230	650	690	731
Other Land										
Surplus Assets - (Investment or Inventory)										
Other					1,020	1,334	1,334	350	372	394
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	1	-	-	-	-	-	-	-
Computers - software & programming										
<i>Other (list sub-class)</i>			1							
Total Repairs and Maintenance Expenditure	1	5,273	4,179	4,496	7,385	8,108	8,108	4,920	5,225	5,533

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 19 per cent in the 2016/17 financial year equates R4 920 000. There is a decrease compared to adjustment budget because of the decrease of equitable share allocation.

Table 6 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification):

EC137 Engcobo - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		66,220	192,555	170,100	76,833	85,482	85,482	84,858	90,119	95,436
Executive and council		37,088	-	-	31,097	31,664	31,664	35,450	37,648	39,869
Budget and treasury office		7,064	192,555	170,100	27,753	32,442	32,442	29,976	31,834	33,712
Corporate services		22,068	-	-	17,983	21,377	21,377	19,432	20,637	21,854
<i>Community and public safety</i>		2,792	-	-	24,598	26,441	26,441	30,503	32,394	34,305
Community and social services		292	-	-	24,598	26,441	26,441	30,503	32,394	34,305
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2,500	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		76,375	-	-	89,674	114,182	114,182	97,556	115,464	113,457
Planning and development		3,496	-	-	18,703	33,527	33,527	29,575	31,409	33,262
Road transport		72,880	-	-	70,972	80,655	80,655	67,981	84,056	80,195
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		24,845	679	725	21,000	21,000	21,000	30,850	20,903	30,956
Electricity		-	-	-	20,000	20,000	20,000	30,000	20,000	30,000
Water		23,012	-	-	-	-	-	-	-	-
Waste water management		778	-	-	-	-	-	-	-	-
Waste management		1,055	679	725	1,000	1,000	1,000	850	903	956
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	170,232	193,234	170,825	212,105	247,105	247,105	243,767	258,880	274,154
Expenditure - Standard	-									
<i>Governance and administration</i>		78,960	157,845	62,368	114,078	121,743	121,743	118,202	125,477	132,880
Executive and council		37,088	153,914	49,722	29,917	29,643	29,643	30,729	32,156	34,053
Budget and treasury office		19,804	-	12,646	68,428	72,862	72,862	66,953	71,529	75,749
Corporate services		22,068	3,932	-	15,733	19,238	19,238	20,520	21,792	23,078

<i>Community and public safety</i>		3,000	-	22,387	22,263	23,190	23,190	24,209	25,710	27,227
Community and social services		-	-	22,387	22,263	23,190	23,190	24,209	25,710	27,227
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		3,000	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		56,447	-	78,086	32,640	49,452	49,452	48,561	51,528	54,567
Planning and development		5,091	-	12,221	15,573	29,672	29,672	30,971	32,892	34,832
Road transport		51,356	-	65,865	17,068	19,781	19,781	17,590	18,636	19,735
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		24,606	-	2,546	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		24,606	-	2,546	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	163,013	157,845	165,387	168,981	194,385	194,385	190,972	202,715	214,674
Surplus/(Deficit) for the year		7,219	35,389	5,438	43,124	52,720	52,720	52,794	56,165	59,480

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues. (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for water and sanitation, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and treasury office

Table7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC137 Engcobo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Executive & Council		20,815	-	-	21,515	21,582	21,582	24,400	25,913	27,442
Municipal manager		19,769	-	-	28,285	43,609	43,609	40,625	43,144	45,689
Corporate Services		22,068	-	-	17,983	21,377	21,377	19,432	20,637	21,854
Community services		2,792	-	-	24,598	26,441	26,441	30,503	32,394	34,305
Financial Services		7,064	192,555	170,100	28,753	33,442	33,442	30,826	32,737	34,668
INFRASTRUCTURAL ENGINEERING		97,724	679	725	90,972	100,655	100,655	97,981	104,056	110,195
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
7.1 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.2 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.3 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.4 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.5 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.6 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.7 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.8 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	170,232	193,234	170,825	212,105	247,105	247,105	243,767	258,880	274,154
Expenditure by Vote to be appropriated	1									
Executive & Council		20,815	153,914	25,769	20,505	20,394	20,394	21,731	23,079	24,440
Municipal manager		21,364	-	36,174	24,985	38,921	38,921	39,969	41,969	44,445
Corporate Services		22,068	3,932	-	15,733	19,238	19,238	20,520	21,792	23,078
Community services		3,000	-	22,387	22,263	23,190	23,190	24,209	25,710	27,227
Financial Services		19,804	-	12,646	68,428	72,862	72,862	66,953	71,529	75,749
INFRASTRUCTURAL ENGINEERING		75,962	-	68,411	17,068	19,781	19,781	17,590	18,636	19,735
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
7.1 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.2 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.3 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.4 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.5 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.6 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-

7.7 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
7.8 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	163,013	157,845	165,387	168,981	194,385	194,385	190,972	202,715	214,674
Surplus/(Deficit) for the year	2	7,219	35,389	5,438	43,124	52,720	52,720	52,794	56,165	59,480

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table8 MBRR Table A4 - Budgeted Financial Performance:

EC137 Engcobo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	2,893	2,773	2,999	4,000	3,611	3,611	3,611	3,800	4,036	4,274
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	1,227	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	778	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	700	679	725	1,000	1,000	1,000	1,000	850	903	956
Service charges - other											
Rental of facilities and equipment		177	270	247	390	390	390	390	270	287	3,037
Interest earned - external investments		2,267	2,775	2,839	3,500	3,500	3,500	3,500	5,500	5,841	6,186
Interest earned - outstanding debtors			-						400	425	450
Dividends received			-								
Fines		35	12	17	100	100	100	100	50	53	56
Licences and permits		3,624	3,938	3,668	5,500	5,500	5,500	5,500	6,500	6,903	7,310
Agency services											
Transfers recognised - operational		103,266	96,341	112,537	139,046	139,046	139,046	139,046	144,507	151,332	158,423

Other revenue	2	433	2,308	988	1,265	36,654	36,654	37,820	1,459	29,709	21,939
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		115,400	109,096	124,021	154,801	189,801	189,801	190,967	163,336	199,488	202,630
Expenditure By Type											
Employee related costs	2	23,148	39,296	46,714	47,054	47,487	47,487	47,487	57,993	57,446	60,836
Remuneration of councillors		10,337	10,897	11,941	12,325	12,167	12,167	12,167	12,287	13,049	13,819
Debt impairment	3	3,528	303	705	2,000	2,000	2,000	2,000	2,800	2,974	3,149
Depreciation & asset impairment	2	29,810	32,673	37,035	40,000	40,000	40,000	40,000	40,000	42,480	44,986
Finance charges		2	69	450							
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	5,273			7,135	8,107	8,107	8,107	4,920	5,225	5,533
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		2,168	2,014	2,513	3,000	3,000	3,000	3,000	3,000	3,186	3,374
Other expenditure	4, 5	66,530	68,662	64,447	57,467	81,623	81,623	129,073	69,973	78,355	82,977
Loss on disposal of PPE		22,218	3,932	1,582							
Total Expenditure		163,013	157,845	165,387	168,981	194,385	194,385	241,834	190,972	202,715	214,674
Surplus/(Deficit)		(47,613)	(48,750)	(41,366)	(14,180)	(4,584)	(4,584)	(50,867)	(27,637)	(3,227)	(12,044)
Transfers recognised - capital		54,832	84,139	46,804	57,304	57,304	57,304	57,304	80,431	59,392	71,524
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480
Surplus/(Deficit) after capital transfers & contributions											
Taxation		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480
Surplus/(Deficit) after taxation											
Attributable to minorities		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480
Surplus/(Deficit) attributable to municipality											
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		7,219	35,389	5,438	43,124	52,720	52,720	6,437	52,794	56,165	59,480

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R243 377 Million in 201/17.
2. Revenue to be generated from property rates is R3 800 Million in the 2016/17 financial year.
3. Services charges relating to refuse removal constitutes totaling R850 000 for the 2016/17 financial year.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government.

1.6 CAPITAL BUDGET

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding:

EC137 Engcobo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Executive & Council		-	-	-	-	-	-	-	-	-	-
Municipal manager		-	-	-	-	-	-	-	-	-	-
Corporate Services		-	-	-	-	-	-	-	-	-	-
Community services		-	-	-	-	-	-	-	-	-	-
Financial Services		-	-	-	-	-	-	-	-	-	-
INFRASTRUCTURAL ENGINEERING		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
7.1 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.2 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.3 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.4 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.5 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.6 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.7 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.8 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										

Executive & Council		-	-	350	1,010	1,054	1,054	1,054	1,650	1,752	1,856
Municipal manager		-	-	945	3,300	4,507	4,507	4,507	2,850	3,027	3,205
Corporate Services		319	3,980	70	2,250	2,151	2,151	2,151	2,400	2,549	2,699
Community services		1,266	-	675	3,335	3,335	3,335	3,335	9,654	10,253	10,857
Financial Services		40	-	231	370	310	310	310	420	446	472
INFRASTRUCTURAL ENGINEERING		29,055	44,591	41,614	73,904	91,958	91,958	91,958	78,641	83,517	88,444
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
7.1 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.2 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.3 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.4 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.5 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.6 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.7 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
7.8 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		30,681	48,571	43,884	84,169	103,316	103,316	103,316	95,615	101,543	107,534
Total Capital Expenditure - Vote		30,681	48,571	43,884	84,169	103,316	103,316	103,316	95,615	101,543	107,534
Capital Expenditure - Standard											
<i>Governance and administration</i>		359	3,980	651	3,800	3,685	3,685	3,685	4,870	5,172	5,477
Executive and council				350	1,180	1,224	1,224	1,224	2,050	2,177	2,306
Budget and treasury office		40		231	370	310	310	310	420	446	472
Corporate services		319	3,980	70	2,250	2,151	2,151	2,151	2,400	2,549	2,699
<i>Community and public safety</i>		1,266	-	675	3,335	3,335	3,335	3,335	9,654	10,253	10,857
Community and social services		1,266		675	3,335	3,335	3,335	3,335	9,654	10,253	10,857
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		28,279	34,172	42,559	57,034	76,295	76,295	76,295	51,091	54,259	57,460
Planning and development				945	3,130	4,337	4,337	4,337	2,450	2,602	2,755
Road transport		28,279	34,172	41,614	53,904	71,958	71,958	71,958	48,641	51,657	54,704
Environmental protection											
<i>Trading services</i>		777	10,419	-	20,000	20,000	20,000	20,000	30,000	31,860	33,740
Electricity					20,000	20,000	20,000	20,000	30,000	31,860	33,740
Water		777									
Waste water management			10,419								
Waste management											
<i>Other</i>											
Total Capital Expenditure - Standard	3	30,681	48,571	43,884	84,169	103,316	103,316	103,316	95,615	101,543	107,534

Funded by:											
National Government		29,904	47,963	34,664	57,304	57,304	57,304	57,304	80,431	59,392	71,524
Provincial Government											
District Municipality		353									
Other transfers and grants											
Transfers recognised - capital	4	30,257	47,963	34,664	57,304	57,304	57,304	57,304	80,431	59,392	71,524
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		424	608	9,221	26,865	46,012	46,012	46,012	15,184	42,151	36,010
Total Capital Funding	7	30,681	48,571	43,884	84,169	103,316	103,316	103,316	95,615	101,543	107,534

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Single-year capital expenditure has been appropriated at R95 615 million for the 2016/17 financial year and remains relatively constant over the MTREF at levels of R101 543 million and R107 534 million respectively for the two outer years.
3. Single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment and roads. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programmes are funded from Municipal Infrastructure grant, Electrification grant and internally generated funds.

Table 10 MBRR Table A6 - Budgeted Financial Position:

EC137 Engcobo - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash		3	42,092	1	4	4	4	4	18,827	20,051	21,234
Call investment deposits	1	61,477	7,119	51,039	89,110	89,110	89,110	89,110	224,938	212,842	232,204
Consumer debtors	1	1,321	2,587	766	9,617	9,617	9,617	9,617	2,650	2,814	2,980
Other debtors		101	2,511	2,682					-	-	
Current portion of long-term receivables											
Inventory	2	1,094	762		1,094		-		-	-	
Total current assets		63,995	55,071	54,487	99,825	98,731	98,731	98,731	246,415	235,707	256,419
Non current assets											
Long-term receivables											
Investments											
Investment property				4,013	4,013	4,013	4,013	4,013	4,013	4,262	4,514
Investment in Associate											
Property, plant and equipment	3	287,425	309,507	310,612	348,521	348,521	348,521	348,521	366,227	388,936	411,883
Agricultural											
Biological											
Intangible		174	394	323	323	323	323	323	1,653	1,761	1,864
Other non-current assets											
Total non current assets		287,598	309,901	314,948	352,857	352,857	352,857	352,857	371,893	394,958	418,261
TOTAL ASSETS		351,594	364,972	369,435	452,682	451,589	451,589	451,589	618,308	630,666	674,680
LIABILITIES											
Current liabilities											
Bank overdraft	-										
Borrowing	4	-	-	431	-	-	-	-	-	-	-
Consumer deposits					501	501	501	501			
Trade and other payables	4	41,717	22,089	17,692	77,929	77,929	77,929	77,929	6,790	7,211	7,637
Provisions		2,049	12,651	15,261	47,333	50,758	50,758	50,758	13,450	14,284	15,126
Total current liabilities		43,766	34,740	33,384	125,764	129,188	129,188	129,188	20,240	21,495	22,763
Non current liabilities											
Borrowing		-	-	382	-	-	-	-	-	-	-

Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	382	-	-	-	-	-	-	-
TOTAL LIABILITIES		43,766	34,740	33,766	125,764	129,188	129,188	129,188	20,240	21,495	22,763
NET ASSETS	5	307,827	330,232	335,670	326,919	322,401	322,401	322,401	598,068	609,171	651,916
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		304,403	330,232	335,670	323,494	322,401	322,401	322,401	388,264	412,647	436,993
Reserves	4	3,424	-	-	3,424	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	307,827	330,232	335,670	326,919	322,401	322,401	322,401	388,264	412,647	436,993

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position.

Table 11 MBRR Table A7 - Budgeted Cash Flow Statement:

EC137 Engcobo - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		2,866	2,773	2,999	4,000	3,611	3,611	3,611	3,800	4,036	4,274
Service charges		2,755	679	725	1,000	1,000	1,000	1,000	850	903	956
Other revenue		3,915	4,691	6,509	7,255	42,255	42,255	42,255	18,679	47,997	44,039
Government - operating	1	96,911	71,752	109,830	139,046	139,046	139,046	139,046	134,507	140,712	147,176
Government - capital	1	54,832	84,139	46,804	57,304	57,304	57,304	57,304	80,431	59,392	71,524
Interest		2,267	2,775	2,839	3,500	3,500	3,500	3,500	5,500	5,841	6,186
Dividends									-	-	-
Payments											
Suppliers and employees		(120,757)	(134,830)	(126,852)	(123,481)	(147,885)	(147,885)	(147,885)	(145,128)	(150,244)	(159,108)
Finance charges			(69)	(132)	-	-	-	-	-	-	-
Transfers and Grants	1				(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,186)	(3,374)
NET CASH FROM/(USED) OPERATING ACTIVITIES		42,789	31,910	42,723	85,624	95,832	95,832	95,832	95,638	105,450	111,672
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		980	197	219					-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(30,681)	(41,518)	(40,837)	(84,169)	(94,291)	(94,291)	(94,291)	(95,615)	(101,543)	(107,534)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(29,701)	(41,321)	(40,618)	(84,169)	(94,291)	(94,291)	(94,291)	(95,615)	(101,543)	(107,534)

CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing			(73)	(275)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(73)	(275)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
		13,088	(9,485)	1,829	1,455	1,541	1,541	1,541	23	3,907	4,138
Cash/cash equivalents at the year begin:	2	61,480	61,480	49,211	51,040	51,040	51,040	104,051	104,051	104,075	107,982
Cash/cash equivalents at the year end:	2	74,568	51,995	51,040	52,495	52,581	52,581	105,592	104,075	107,982	112,119

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the budget is fully funded as the municipality has a surplus of R23 000.

Part 2 – Supporting Documentation

1.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality’s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 28 August 2016. Key dates applicable to the process were:

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE			
Item description	Due Date	Responsible Person	
	Oct-15		
/ STEERING			

	COMMITTEE MEETING: - review progress and baseline operating budget.	09-Oct-15	Chief Financial Officer	
	Quarterly Reports July-Sept	10-Oct-15		
	Schedule individual meetings with Directorate to review baseline budget and work progress for completion of changes and supplemental requests	11-Oct-15	Chief Financial Officer	
	IDP/Budget Steering committee	22-Oct-15	Myeko	
	Analysis phase completed	22-Oct-15	Mahlasela	

	<p>Review current tariffs, receive requested changes from directorates and prepare options for consideration</p>	<p>31-February-16</p>	<p>Chief Financial Officer , Accountant</p>	
	<p>SUBMISSION OF BASELINE BUDGETS AND SUPPLEMENTAL REQUESTS FROM DIRECTORATES: Final date for submission of all Baseline Operating Budgets, Capital Budgets and Operational plans by Directorates to the budget office.</p>	<p>31-February-16</p>	<p>Directorates</p>	

STRATEGIES	September-15			
	Draft report on proposed tariff changes for review to IDP/PMS/ Budget Steering Committee and review Implementation progress and report on gaps identified during the analysis phase	06-March-16	Chief Financial Officer, Accountant	
	IGR Meeting	05-Nov-15		
	IDP/PMS/Budget Rep Forum	07-March-15		
	IDP/Budget Rep Forum	29-Nov-15		
	Review of organizational structure		Mayor, Corporate Service Manager	

	Prepare first draft of operating and capital medium term budget based on baseline operating budgets submitted by directorates	31-February-16	Chief Financial Officer	
	Receive audited Financial Statements and Audit report from the Auditor-General for the 2012/13 financial year	29-Nov-15	Auditor-General	
PROJECTS	Dec-13			
	MAYORAL / STEERING COMMITTEE MEETING: - review progress, baseline budget report AND	04-Dec-15	Chief Financial Officer	

	DRAFT TARRIFS and prepare for project phase			
	Ordinary Council meeting	11-Dec-15	Speaker	
	Jan-14			
	Sections and directorate meet to discuss strategies and objectives	07-10 January 2016	Managers	
	2 nd quarterly Reports (Oct-Dec)	03-Jan-16	IPED Manager	
	STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET	14-Jan-16		

	<p>MAYORAL COMMITTEE MEETING: PRESENT MIDYEAR PERFORMANCE REPORT TO MAYORAL COMMITTEE: Final review of 2013/14 operating and capital budget for midyear adjustments to mayoral committee for approval to council and submission to the provincial and national treasury</p>	<p>21-Jan-16</p>	<p>Municipal Manager</p>	
	<p>SUBMISSION OF CAPITAL BUDGET REQUESTS FROM DIRECTORATES: Final date for</p>	<p>20-Jan-16</p>	<p>All Managers</p>	

	submission of all Capital Budget plans by Directorates to the budget office.			
	Departmental Strategic Planning Sessions			
		27-28-January 16		
	Council Meeting for Budget adjustment and SDBIP review	31-Jan-16		
	KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE			
	Item description	Due Date	Responsible Person	
ALIGNMENT AND ADOPTION	Feb-16			
	STEERING COMMITTEE MEETING: -	03-Feb-16		

	review progress and the DRAFT BUDGET.		
	IGR Meeting	04-Feb-16	
	IDP/Budget Rep Forum	05-Feb-16	
	Mid-Year Performance Report by Audit Committee	06-Feb-16	
	IDP Strategic planning workshop	24,25,26 &27 February 16	
	Mar-15		
	STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.	06-Mar-16	
	IGR Meeting	04-Mar-16	Municipal Manager
	SDBIP performance indicators	11-Mar-16	

	workshop and service delivery targets for 2014/15 for review.		
	MPAC Hearings on Annual Report	12-13 March 16	Directorates
	CHDM IDP Rep Forum	14-Mar-16	
	/ STEERING COMMITTEE MEETING: final operating and capital budget presented to Mayoral committee for review	19-Mar-16	Chief Financial Officer
	Executive committee meeting	20-Mar-16	
	COUNCIL MEETING: Council (after consideration of the 2013/2014 Annual Report) to adopt an Oversight Report.	25-Mar-16	Oversight Committee

	COUNCIL MEETING: Operating and Capital budget and IDP tabled to Council for consultation with the community	25-Mar-16	Mayor
	Submit to National Treasury, Provincial Treasury and the MEC responsible for Local Government the Annual Financial Statements, the 2012/13 annual and audit report and any corrective action taken in response to the findings of the audit report.	28-Mar-16	
	IDP and Annual Budget published. Advertise for public comment (21days)	31-Mar-16	Administrative Director
	IDP/Budget	7-16	

	roadshows - public hearings	March 16	
	Quarter 3 Performance reporting (Jan - March))	03-Mar-16	
	Quarter 3 Performance reporting assessment (Jan - March))	10-11 April 16	
	Submit annual budgets in required form to NT, Provincial Treasury	10-Apr-16	Chief Financial Officer

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE			

	Item description	Due Date	Responsible Person
	Apr-15		
	IGR Meeting	8 April 16	

	Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	16-Apr-16	Chief Financial Officer
	Directorates are to provide a list of Capital Projects to be rolled over for inclusion in the 2015/16 Budget to the budget office and cash balances forward for grant projects.	30-Apr-16	Directorates
	Public meetings and consultation on IDP/ Budget	15- 29 April 2016	Speaker and Mayor
	May-15		
	IGR Meeting	06-May-16	
	MAYORAL IMBIZO	09-May-16	MAYOR

	Final Budgets prepared taking into consideration submissions made during consultation process	13-May-16	
	MEETING OF MAYORAL / STEERING COMMITTEE: Approval of FINAL operating and capital budget for presentation to the full council	14-May-16	
	CHDM Technical IGR	15-May-16	Chief Financial Officer
	CHDM IDP Rep Forum	19-May-16	
	Council Workshop on the Final IDP prior Adoption	21-May-16	

	COUNCIL MEETING: IDP & Budgets for 2014/15 thru 2015/16 adopted by Council along with the Mayor's budget address	30 May 16	Mayor, Finance MM
	Jun-16		
	The Service Delivery and Budget Implementation Plans (SDBIP) along with the annual performance agreements for the Municipal Manager and all managers directly responsible to the MM (based on the operational plans and IDP) is to be issued to the Mayor by the MM	13 June 16	Municipal Manager

	IDP & Annual Budget reports to National, Provincial Treasury and the District municipality.	13 June 16	Chief Financial Officer / MYEKO
	MAYORAL TO APPROVE SDBIP AND PERFORMANCE	26-Jun-16	MAYOR
	AGREEMENTS within 14 days after receiving them.	04-Jul-16	
	Quarter 4 Performance reporting (April - June))	10-11 July 16	
	Quarter 4 Performance reporting (April - June)		

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

Legislation compliance status:

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed permanently from December 2015.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document has been finalized and tabled to council with the Annual budget.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

Municipal manager’s quality certificate

I, municipal manager of Engcobo, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Engcobo Local Municipality

Signature _____

Date _____