

SCHEDULE A

ANNUAL BUDGET AND

SUPPORTING DOCUMENTATION

OF MHLONTLO LOCAL

MUNICIPALITY

ANNUAL BUDGET OF
MHLONTLO LOCAL
MUNICIPALITY

2016/17 TO 2018/19
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor’s Report

It is a gratitude to present 2016/17 budget to the Council of Mhlontlo Local Municipality and the observers entirely. The budget prepared by the Municipality is in line with all the legislative imperatives that the state organs are obliged to consider. It is also important to highlight that this budget follows all national economic policies and other provincial strategies. These include National Development Plan, Provincial Development Plan as well as District ones.

It is a well-known fact that Mhlontlo Local Municipality has been, throughout the last financial years, experienced financial constraints which had an adverse impact on service delivery. The Municipality will also hit hard by a decrease on grant allocations for the upcoming year.

Mhlontlo Local Municipality leadership supported by administration managed to survive using all tactics with potential to recover and have a stable situation. Among the strategies and tactics employed by the municipality, curtailment of expenditure usually incurred on items regarded as not mandatory was key to address matter. It is commendable that both politicians and employees had an understanding that significantly contributed to the improvement of the situation.

As we present budget for this financial year, there is a hope that communities of Mhlontlo will understand meagre resources the Municipality has. The national fiscus greatly contributes to the coffers of the Municipality, and there is very little that is raised out of our own revenue. The Municipality is implored to effectively utilise the current plans, strategies and policies designed to collect revenue.

The following reflects the Municipality’s total budgeted amount according to sources. Total Budget is R283 255 394.60, as compared to last financial year’s budget of R263 117 705.35. An amount of R 170,886,778.53 is from grants, and there is very little own revenue that the Municipality manages to contribute to the budget, which is R17 443 232.94.

FOCUS OF THE 2016/2017 BUDGET

- With the 2016/2017 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution.
- Maintenance of existing infrastructure enjoys preference once again and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.
- Provision of basic services, improvement on refuse collections, infrastructure as well as sustainable service delivery.
- The municipalities’ policies budget related policies were looked into and no changes were proposed except for Supply chain management policy.

CAPITAL BUDGET

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable.

The capital budget for the 2016/2017 financial year amounts to R49 340 772.58 Million with the main focus on the following:

Construction of Access Roads	R 18,880,551.47
Construction of sports fields	R 15,626,884.00
Construction of a Town Hall	R 1,383,911.00
Municipal Vehicles	R 2,051,255.69
Street Lights	R 4,936,875.00
LED Projects	R 4,125,000.00

OPERATING BUDGET

The operating budget for the 2016/2017 financial year amounts to R 233,914,621.99. The maintenance budget for the upcoming financial year amounts to R 4,068,958.34 which represents 1.74% of the total operating expenditure.

A 7.5% increase across the board general salary increase is budgeted for both councillors and employees.

The total salary expenditure excluding remuneration of councillors amounts to R 87 165,001.16 and represents 37% of the total budgeted expenditure. The remuneration of public office bearers amounts to R 17,292,704.92 and represents 7.3% of the total operating budget.

REVENUE BUDGET

The major sources of revenue can be summarized as follows:

Assessment Rates	R15 662 647.52
Refuse charges	R 1,220,294.07
Government Grants	R 170,886,778.53
Other Income	R 17,443,232.94

INDIGENT SUBSIDY

Provision is made in the operating budget for the subsidizing of the indigent households. The subsidy includes 50 units of electricity as well as a 100% subsidy on the refuse, 100% on assessment rates. The indigent policy provides for assistance to be given to households with a monthly income of less than twice the government pension.

The total budget for Indigent subsidies amounts to R 4,232,841.90 for the 2016/2017 financial year.

TARIFFS

It is of essence that the financial viability and sustainability of the municipality is secured and therefore the principle of economic viability and sustainability was applied in the tariff determination for the 2016/2017 financial year. The aim of the tariff determinations are to ensure that all services can be run as a going concern on an independent and sustainable manner.

I find it necessary to point out that the current tariffs are not sufficient to ensure the sustainability of services and we would need to emphasize the implementation of cost reflective tariffs, essential for the economic viability of the municipality in the concurrent financial years.

The proposed average increase in the main tariff categories for the 2016/2017 financial year is as follows:

Assessment Rates 0%

There has been an increase of 6% on all other charges.

INTEGRATED DEVELOPMENT PLAN (IDP)

The reviewed IDP for the next year is also presented today for approval. We are proud of our IDP which discusses a variety of topics such as the economic welfare of the community of Mhlontlo, our financial situation as well as our projects that our planned for the next year. The IDP includes a comprehensive project register which indicates both funded and unfunded projects. The IDP and budget is linked with each other and the linkage is illustrated in the budget document. The IDP and budget tries to address service delivery backlogs which needs priority. The municipality's strategic objectives and also the national priorities are clearly indicated in the document.

SDBIP (SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN)

The top level service delivery and budget implementation plan is attached herewith and is an indication of service delivery targets that is set for the 2015/2016 financial year. Emphasis is placed on sustaining and improving service delivery levels and extending services to all our communities.

IN CONCLUSION

The budget submitted here today have been taken through a process of public participation to obtain input from all role players. Input obtained has been considered and where possible incorporated into the final budget.

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MAYOR

1.2 Council Resolutions

1.1. To be inserted

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items in line with National Treasury MFMA circular number 82.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 78 and 80 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained refuse and roads infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/17 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/17 MTREF

	Adjustments Budget 2015/16	Budget Year 2016/17	Budget Year + 1 2017/18	Budget Year +2 2018/19
R thousand				
Total Operating Revenue	R 217,568	R 210,389,280	R 223,703,273	R 233,674,390
Total Operating Expenditure	R 202,419	R 234,414,143	R 253,383,624	R 275,772,034
Surplus/Deficit for the year	R 15,149	-R 24,024,863	-R 29,680,351	-R 42,097,645
Total Capital Expenditure	R 60,641	R 49,340,773	R 52,111,036	R 55,185,588

Total operating revenue has reduced by 3.3 per cent or R7.2 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years,

operational revenue will increase by 6.33 and 4.46 per cent respectively, equating to a total revenue growth of R23.3 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 R234.4 million and translates into a budgeted deficit of R24 million. However when non-cash items such as depreciation and debt impairment are taken into account the municipality has budgeted for a surplus of R 10.6 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has grown by 15.8 per cent in the 2016/17 budget and by 8.1 and 8.8 per cent for each of the respective outer years of the MTREF.

The capital budget of R49.3 million for 2016/17 is 18.63 per cent less when compared to the 2015/16 Adjustment Budget. The reduction is due to the reduction of the municipality's MIG allocation for the 2016/17 financial year as a result of current economic circumstances. The capital programme increases to R52.1 million in the 2017/18 financial year and then evens out in 2018/19 to R55.2 million. The entire capital budget will be funded from government grants.

1.4 Operating Revenue Framework

For mhlontlo local municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. 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 95 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.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

EC156 Mhlontlo - 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	7,270	7,608	9,078	15,663	15,663	15,663	-	15,663	16,634	16,687
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	566	568	573	976	1,153	1,153	-	1,220	1,296	1,372
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		64	70	46	43	43	43	-	46	49	52
Interest earned - external investments		2,314	1,413	1,211	682	3,564	3,564	-	3,564	3,785	4,008
Interest earned - outstanding debtors		-	745	661	111	764	764	-	216	230	243
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		151	183	144	216	64	64	-	67	71	76
Licences and permits		1,124	1,141	1,304	1,341	1,426	1,426	-	1,516	1,610	1,705
Agency services		-	807	800	877	780	780	-	826	877	929
Transfers recognised - operational		109,996	126,617	138,046	181,706	183,242	183,242	-	172,237	183,185	191,694
Other revenue	2	2,219	1,137	1,460	356	12,949	12,949	-	15,035	15,967	16,909
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		123,703	140,289	153,322	201,970	219,648	219,648	-	210,389	223,703	233,674

Table 3 Percentage growth in revenue by main revenue source

EC156 Mhlontlo - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
R thousand	1								
Revenue By Source									
Property rates	2	15,663	7.2%	15,663	7.4%	16,634	7.4%	16,687	7.1%
Service charges - electricity revenue	2	(224)		-	0.0%	-	0.0%	-	0.0%
Service charges - refuse revenue	2	1,153	0.5%	1,220	0.6%	1,296	0.6%	1,372	0.6%
Rental of facilities and equipment		43	0.0%	46	0.0%	49	0.0%	52	0.0%
Interest earned - external investments		3,564	1.6%	3,564	1.7%	3,785	1.7%	4,008	1.7%
Interest earned - outstanding debtors		764	0.4%	216	0.1%	230	0.1%	243	0.1%
Fines		64	0.0%	67	0.0%	71	0.0%	76	0.0%
Licences and permits		1,433	0.7%	1,516	0.7%	1,610	0.7%	1,705	0.7%
Agency services		780	0.4%	826	0.4%	877	0.4%	929	0.4%
Transfers recognised - operational		183,242	84.2%	172,237	81.9%	183,185	81.9%	191,694	82.0%
Other revenue	2	11,086	5.1%	15,035	7.1%	15,967	7.1%	16,909	7.2%
Gains on disposal of PPE				-		-		-	
Total Revenue (excluding capital transfers and contributions)		217,568		210,389		223,703		233,674	

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 government grants and subsidies forms a significant percentage of the revenue basket for the municipality.

Operating grants and transfers totals R172.2 million in the 2016/17 financial year and steadily increases to R191.7 million by 2018/19.

Rates and service charge revenues comprise only 8 per cent of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totaled R16.8 million or 7.9 per cent. This increases to R16.9 million, R17.9 million and R18.1 million in the respective financial years of the MTREF. The growth can be mainly attributed to the inflation adjustment to the property rates tariffs.

Property rates is the second largest revenue source totaling 7.4 per cent or R15.7 million rand and increases to R16.7 million by 2018/19. The third largest sources is 'other revenue' which consists of various items such as income received from building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

EC156 Mhlontlo - 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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		114,131	125,160	135,850	180,766	181,297	181,297	170,887	182,835	191,324
Local Government Equitable Share		95,773	110,595	127,895	159,404	159,404	159,404	154,313	161,607	167,789
Municipal Systems Improvement		800	890	934	930	930	930	-	-	-
Finance Management		1,500	1,650	1,800	1,875	1,875	1,875	2,010	2,345	2,600
EPWP Incentive		1,058	1,025	1,221	1,000	1,000	1,000	1,232	-	-
Integrated National Electrification Programme		15,000	11,000	4,000	13,000	13,531	13,531	12,500	18,000	20,000
		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (MIG)- operating		-	-	-	4,557	4,557	4,557	832	883	935
Provincial Government:		211	233	170	170	170	170	1,350	350	370
Library & Subsidies		115	115	170	170	170	170	350	350	370
Vuna Award		-	60	-	-	-	-	-	-	-
Gqunu Lots		-	58	-	-	-	-	-	-	-
EPWP Incentive		-	-	-	-	-	-	1,000	-	-
LED		96	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	114,342	125,393	136,020	180,936	181,467	181,467	172,237	183,185	191,694

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this

rebate, a further R15 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy;

- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a zero per cent increase from 1 July 2016 is contained below:

Table 5 Comparison of proposed rates to levied for the 2016/17 financial year

EC156 Mhlontlo - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
							Property rates (rate in the Rand)	1	
Residential properties		First R30 000 discount	0.0062	0.0062	0.0062	0.0066	0.0066	0.0070	0.0075
Residential properties - vacant land		First R30 000 discount	0.0062	0.0062	0.0062	0.0066	0.0066	0.0070	0.0075
Formal/informal settlements			-	-	-	-	-	-	-
Small holdings		Apply for R30 000	0.0199	0.0199	0.0199	0.0211	0.0211	0.0224	0.0237
Farm properties - used		Apply for R30 000	0.0199	0.0199	0.0199	0.0211	0.0211	0.0224	0.0237
Farm properties - not used		Apply for R30 000	0.0199	0.0199	0.0199	0.0211	0.0211	0.0224	0.0237
Industrial properties			0.0138	0.0138	0.0138	0.0146	0.0146	0.0155	0.0164
Business and commercial properties			0.0138	0.0138	0.0138	0.0146	0.0146	0.0155	0.0164
Communal land - residential			-	-	-	-	-	-	-
Communal land - small holdings			-	-	-	-	-	-	-
Communal land - farm property			-	-	-	-	-	-	-
Communal land - business and commercial			-	-	-	-	-	-	-
Communal land - other			-	-	-	-	-	-	-
State-owned properties			0.0275	0.0275	0.0275	0.0292	0.0292	0.0310	0.0329
Municipal properties			-	-	-	-	-	-	-
Public service infrastructure			-	-	-	-	-	-	-
Privately owned towns serviced by the			-	-	-	-	-	-	-
State trust land			-	-	-	-	-	-	-
Restitution and redistribution properties			-	-	-	-	-	-	-
Protected areas			-	-	-	-	-	-	-
National monuments properties			-	-	-	-	-	-	-

1.4.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2016. Higher increases will not be viable in 2016/17 owing to the rural nature of the municipality as well as the overall increase in the indigent status of the community. Any increase higher than 6 per

cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2016:

Table 6 Comparison between current waste removal fees and increases

EC156 Mhlontlo - Supporting Table SA13a Service Tariffs by category									
Description	Ref	Provide description of tariff structure	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Waste management tariffs									
<i>Domestic</i>									
Street cleaning charge			-	-	-	-	-	-	-
Basic charge/fix ed fee			-	-	-	-	-	-	-
80l bin - once a week			30	30	30	48	51	54	58
250l bin - once a week			126	126	126	300	320	338	358

1.4.3 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to 6 per cent, with the increase for indigent households closer to 6 per cent.

The data set is distorted due to inconsistent property values used to calculate the property rates charges.

It must also be borne in mind that as per the indigent policy, indigent customers receive 100 per cent support on their property rates and refuse removal charges.

Table 7 MBRR Table SA14 – Household bills

EC156 Mhlontlo - Supporting Table SA14 Household bills

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 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'											
Rates and services charges:											
Property rates		226.46	226.46	226.46	240.50	240.50	240.50		370.00	390.83	418.75
Electricity: Basic levy		-	-	-	-	-	-		-	-	-
Electricity: Consumption		-	-	-	-	-	-		-	-	-
Water: Basic levy		-	-	-	-	-	-		-	-	-
Water: Consumption		-	-	-	-	-	-		-	-	-
Sanitation		-	-	-	-	-	-		-	-	-
Refuse removal		30.12	30.12	30.12	48.19	48.19	48.19		51.37	54.35	57.50
Other		-	-	-	-	-	-		-	-	-
sub-total		256.58	256.58	256.58	288.69	288.69	288.69	46.0%	421.37	445.18	476.25
VAT on Services					5.92	5.92	5.92		7.19	7.61	8.05
Total large household bill:		256.58	256.58	256.58	294.61	294.61	294.61	45.5%	428.56	452.79	484.30
% increase/-decrease					14.8%				45.5%	5.7%	7.0%
Monthly Account for Household - 'Affordable Range'											
Rates and services charges:											
Property rates		158.86	158.86	158.86	168.71	168.71	168.71		258.50	274.17	293.75
Electricity: Basic levy		-	-	-	-	-	-		-	-	-
Electricity: Consumption		-	-	-	-	-	-		-	-	-
Water: Basic levy		-	-	-	-	-	-		-	-	-
Water: Consumption		-	-	-	-	-	-		-	-	-
Sanitation		-	-	-	-	-	-		-	-	-
Refuse removal		30.12	30.12	30.12	48.19	48.19	48.19		51.37	54.35	57.50
Other		-	-	-	-	-	-		-	-	-
sub-total		188.98	188.98	188.98	216.90	216.90	216.90	42.9%	309.87	328.52	351.25
VAT on Services		3.69	3.69	3.69	5.92	5.92	5.92		7.19	7.61	8.05
Total small household bill:		192.67	192.67	192.67	222.82	222.82	222.82	42.3%	317.06	336.13	359.30
% increase/-decrease					15.6%				42.3%	6.0%	6.9%
Monthly Account for Household - 'Indigent' Household receiving free basic services											
Rates and services charges:											
Property rates		91.26	91.26	91.26	96.92	96.92	96.92	#NAME?	148.50	157.50	168.75
Electricity: Basic levy		-	-	-	-	-	-		-	-	-
Electricity: Consumption		-	-	-	-	-	-		-	-	-
Water: Basic levy		-	-	-	-	-	-		-	-	-
Water: Consumption		-	-	-	-	-	-		-	-	-
Sanitation		-	-	-	-	-	-		-	-	-
Refuse removal		30.12	30.12	30.12	48.19	48.19	48.19	#NAME?	51.37	54.35	57.50
Other		-	-	-	-	-	-		-	-	-
sub-total		121.38	121.38	121.38	145.11	145.11	145.11	37.7%	199.87	211.85	226.25
VAT on Services		3.69	3.69	3.69	5.92	5.92	5.92	#NAME?	7.19	7.61	8.05
Total small household bill:		125.07	125.07	125.07	151.03	151.03	151.03	37.1%	207.06	219.46	234.30
% increase/-decrease					20.8%				37.1%	6.0%	6.8%

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

EC156 Mhlontlo - 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
R thousand	1										
Expenditure By Type											
Employee related costs	2	51,307	67,547	68,078	79,999	82,969	82,969	-	87,165	92,569	98,031
Remuneration of councillors		13,316	12,163	15,145	19,533	16,854	16,854	-	17,293	18,365	19,448
Debt impairment	3	989	1,886	2,170	5,350	5,350	5,350	-	19,876	21,108	22,354
Depreciation & asset impairment	2	10,844	10,567	15,229	9,787	3,533	3,533	-	14,708	15,620	22,730
Finance charges		-	174	234	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	5,491	1,881	-	-	-	-	-	-	-
Contracted services		1,896	2,788	2,926	21,788	21,457	21,457	-	21,189	27,228	29,772
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	58,561	79,405	51,856	68,432	72,255	72,255	-	74,183	78,493	83,437
Loss on disposal of PPE		47	281	145	-	-	-	-	-	-	-
Total Expenditure		136,961	180,302	157,664	204,890	202,419	202,419	-	234,414	253,384	275,772

The budgeted allocation for employee related costs for the 2016/17 financial year totals R87.2 million, which equals 37.2 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2016/17 financial year. An annual increase of 7.2 per cent and 6.9 per cent has been included in the two outer years of the MTREF. As part of the municipality's cost containment efforts vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. In addition expenditure against overtime was completely removed from the budget.

The cost associated with the remuneration of councillors 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's budget.

The provision of debt impairment was determined based on an annual collection rate of 49 per cent and the Debt Write-off Policy of the municipality. For the 2016/17 financial year this amount equates to R19.9 million and escalates to R22.4 million by 2018/19. 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. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R14.7 million for the 2016/17 financial year and equates to 6.3 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.

Contracted services has been identified as a cost saving area for the municipality. As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R21.2 million and has decreased by 1.3 per cent, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 28.5 and 9.3 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project (mSCOA) will commence in the 2016/17 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

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. Growth has been limited to 2.7 per cent for 2016/17 and curbed at 5.8 and 6.3 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2016/17 financial year.

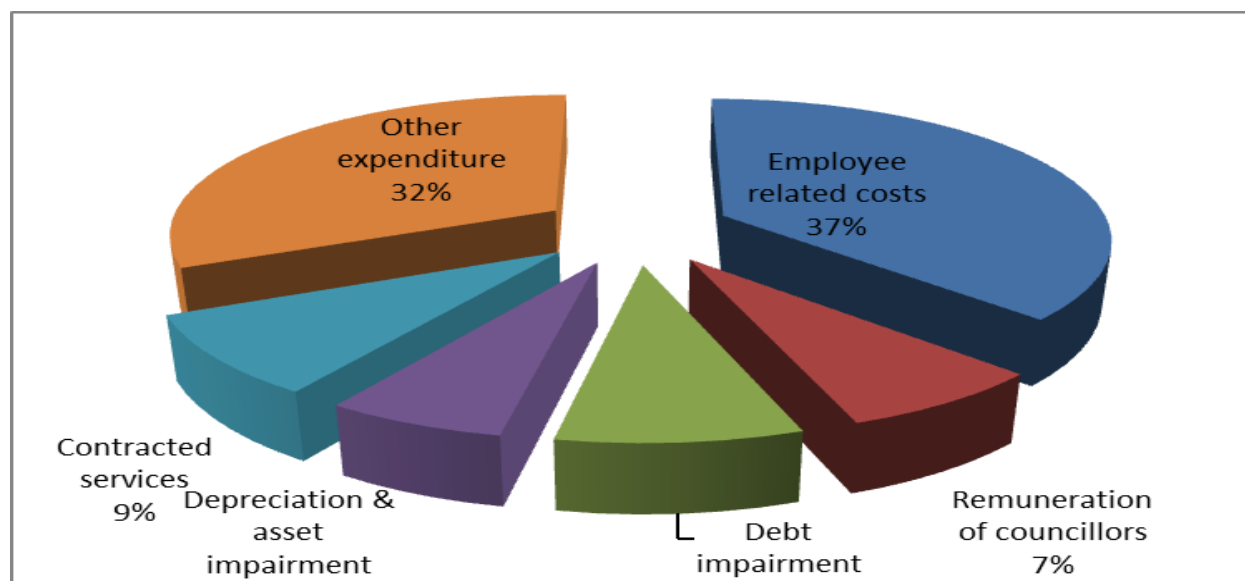


Figure 1 Main operational expenditure categories for the 2016/17 financial year

1.5.1 Priority given to repairs and maintenance

Table 9 Operational repairs and maintenance

Repairs and Maintenance	8									
Employee related costs		-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	77	81	86
Contracted Services		-	-	-	-	-	-	3,790	3,975	4,259
Other Expenditure		-	4,927	-	4,577	4,788	4,788	-	202	240
Total Repairs and Maintenance Expenditure	9	-	4,927	-	4,577	4,788	4,788	-	4,069	4,297

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		10,844	10,567	15,229	9,787	3,533	3,533	14,708	15,620	22,730
Repairs and Maintenance by Asset Class	3	-	6,534	1,205	4,577	4,788	4,788	4,069	4,271	4,573
Infrastructure - Road transport		-	996	-	2,150	2,150	2,150	560	595	630
Infrastructure - Electricity		-	1,771	3	721	721	721	762	810	857
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	199	-	150	150	150	-	-	-
Infrastructure		-	2,966	3	3,021	3,021	3,021	1,322	1,404	1,487
Community		-	6	-	-	-	-	159	169	178
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	3,562	1,202	1,557	1,768	1,768	2,588	2,698	2,907
TOTAL EXPENDITURE OTHER ITEMS		10,844	17,100	16,434	14,364	8,321	8,321	18,777	19,891	27,303
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	5.1%	0.8%	2.4%	2.3%	2.3%	1.6%	1.5%	1.4%
Renewal and R&M as a % of PPE		0.0%	4.0%	1.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%

For the 2016/17 financial year, 63.6 per cent or R2.6 million of total repairs and maintenance will be spent on other assets. Electricity infrastructure has received a significant proportion of the infrastructure repairs and maintenance allocation totaling 57.2 per cent (R762 000),

followed by road infrastructure at 42.4 per cent (R560 000). Community assets has been allocated R159 000 of total repairs and maintenance equating to 3.9 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register 30 878 or more indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2016/17 Medium-term capital budget per vote

EC156 Mhlontlo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding									
Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
R thousand	1								
Capital expenditure - Vote									
Vote 1 - MAYOR'S OFFICE		-	0.0%	-	0.0%	-	0.0%	-	0.0%
Vote 2 - COUNCIL		1,316	2.2%	-	0.0%	-	0.0%	-	0.0%
Vote 3 - MUNICIPAL MANAGER'S OFFICE		48	0.1%	50	0.1%	53	0.1%	57	0.1%
Vote 4 - STRATEGIC SERVICES		-	0.0%	-	0.0%	-	0.0%	-	0.0%
Vote 5 - BUDGET AND TREASURY OFFICE		1,500	2.5%	-	0.0%	-	0.0%	-	0.0%
Vote 6 - CORPORATE SERVICES		1,850	3.1%	1,957	4.0%	1,790	3.4%	1,895	3.4%
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		2,000	3.3%	4,125	8.4%	4,381	8.4%	4,639	8.4%
Vote 8 - COMMUNITY SERVICES		3,090	5.1%	2,380	4.8%	2,528	4.9%	2,677	4.9%
Vote 9 - INFRASTRUCTURE, PLANNING & DEVELOPMENT		50,837	83.8%	40,828	82.7%	43,360	83.2%	45,918	83.2%
Capital single-year expenditure sub-total		60,641	0	49,341		52,111		55,186	
Total Capital Expenditure - Vote		60,641	100%	49,341	100%	52,111	100%	55,186	100%

For 2016/17 an amount of R40.8 million has been appropriated for the development of infrastructure which represents 82.7 per cent of the total capital budget. In the outer years this amount totals R43.4 million, 83.2 per cent and R45.9 million, 83.2 per cent respectively for each of the financial years.

Total new assets represent 100 per cent or R49.3 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by

asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Construction of Access Roads	R 18,880,551.47
Construction of sports fields	R 15,626,884.00
Construction of a Town Hall	R 1,383,911.00
Municipal Vehicles	R 2,051,255.69
Street Lights	R 4,936,875.00
LED Projects	R 4,125,000.00

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

EC156 Mhlontlo - 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
R thousands										
Financial Performance										
Property rates	7,270	7,608	9,078	15,663	15,663	15,663	-	15,663	16,634	16,687
Service charges	566	568	573	976	1,153	1,153	-	1,220	1,296	1,372
Investment revenue	2,314	1,413	1,211	682	3,564	3,564	-	3,564	3,785	4,008
Transfers recognised - operational	109,996	126,617	138,046	181,706	183,242	183,242	-	172,237	183,185	191,694
Other own revenue	3,558	4,083	4,413	2,943	16,026	16,026	-	17,705	18,803	19,913
Total Revenue (excluding capital transfers and contributions)	123,703	140,289	153,322	201,970	219,648	219,648	-	210,389	223,703	233,674
Employee costs	51,307	67,547	68,078	79,999	82,969	82,969	-	87,165	92,569	98,031
Remuneration of councillors	13,316	12,163	15,145	19,533	16,854	16,854	-	17,293	18,365	19,448
Depreciation & asset impairment	10,844	10,567	15,229	9,787	3,533	3,533	-	14,708	15,620	22,730
Finance charges	-	174	234	-	-	-	-	-	-	-
Materials and bulk purchases	-	5,491	1,881	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	61,493	84,360	57,096	95,570	99,062	99,062	-	115,248	126,829	135,563
Total Expenditure	136,961	180,302	157,664	204,890	202,419	202,419	-	234,414	253,384	275,772
Surplus/(Deficit)	(13,257)	(40,012)	(4,342)	(2,920)	17,230	17,230	-	(24,025)	(29,680)	(42,098)
Transfers recognised - capital	24,670	33,348	52,712	36,866	36,866	36,866	-	40,828	44,382	46,675
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	11,413	(6,664)	48,371	33,946	54,096	54,096	-	16,803	14,701	4,577
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	11,413	(6,664)	48,371	33,946	54,096	54,096	-	16,803	14,701	4,577
Capital expenditure & funds sources										
Capital expenditure	20,554	41,457	46,792	52,699	60,641	60,641	-	49,341	52,111	55,186
Transfers recognised - capital	20,554	41,457	46,792	52,699	60,641	60,641	-	49,341	52,111	55,186
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	20,554	41,457	46,792	52,699	60,641	60,641	-	49,341	52,111	55,186
Financial position										
Total current assets	43,346	16,487	31,723	32,798	32,798	32,798	-	58,269	71,961	74,798
Total non current assets	127,245	155,828	187,245	222,207	236,403	236,403	-	275,041	311,532	343,988
Total current liabilities	22,995	22,932	20,764	28,237	28,237	28,237	-	20,764	20,764	20,764
Total non current liabilities	5,032	4,734	5,185	-	-	-	-	5,185	5,185	5,185
Community wealth/Equity	142,564	144,648	193,019	226,768	240,964	240,964	-	307,361	357,544	392,837
Cash flows										
Net cash from (used) operating	41,027	9,211	59,792	38,984	78,667	78,667	-	51,180	51,714	52,498
Net cash from (used) investing	(19,957)	(41,977)	(46,790)	(36,771)	(56,697)	(56,697)	-	(49,341)	(52,111)	(55,186)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	35,141	2,375	15,377	2,713	37,347	37,347	-	39,186	38,789	36,101
Cash backing/surplus reconciliation										
Cash and investments available	35,141	2,375	15,377	10,320	10,320	10,320	-	42,186	41,789	39,101
Application of cash and investments	14,983	11,817	5,371	5,172	3,990	3,990	-	7,886	(3,375)	(8,877)
Balance - surplus (shortfall)	20,158	(9,442)	10,006	5,148	6,330	6,330	-	34,300	45,164	47,978
Asset management										
Asset register summary (WDV)	127,245	154,746	187,904	222,207	236,403	236,403	278,866	278,866	315,357	347,813
Depreciation & asset impairment	10,844	10,567	15,229	9,787	3,533	3,533	14,708	14,708	15,620	22,730
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	6,534	1,205	4,577	4,788	4,788	4,069	4,069	4,271	4,573
Free services										
Cost of Free Basic Services provided	-	-	-	7,285	7,285	7,285	4,233	4,233	4,495	4,760
Revenue cost of free services provided	-	2,382	-	-	-	-	13,311	13,311	14,175	15,188
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	0	0	0	0	0	0	0

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2018/19.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC156 Mhlontlo - 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
Revenue - Standard	1									
Governance and administration		57,456	59,397	84,429	114,487	120,455	120,455	115,393	121,505	124,145
Executive and council		27,388	16,678	39,914	52,279	52,923	52,923	54,124	57,479	60,870
Budget and treasury office		18,145	36,182	21,811	34,273	33,624	33,624	31,006	32,150	29,518
Corporate services		11,923	6,537	22,704	27,934	33,908	33,908	30,263	31,876	33,756
Community and public safety		22,200	15,029	19,190	15,147	18,535	18,535	17,155	18,197	19,270
Community and social services		-	785	-	-	3,892	3,892	974	1,035	1,096
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		22,200	14,245	19,190	15,147	14,643	14,643	16,181	17,162	18,174
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		58,895	98,626	87,919	91,171	100,871	100,871	94,144	102,336	109,312
Planning and development		9,574	6,033	10,778	19,773	18,161	18,161	22,013	23,378	24,757
Road transport		49,321	92,593	77,141	71,398	82,710	82,710	72,131	78,958	84,555
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		9,822	584	14,497	18,032	16,654	16,654	24,526	26,046	27,583
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		9,822	584	14,497	18,032	16,654	16,654	24,526	26,046	27,583
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	148,373	173,637	206,035	238,836	256,515	256,515	251,218	268,085	280,310
Expenditure - Standard										
Governance and administration		67,072	102,298	89,960	129,794	122,671	122,671	137,118	145,329	154,289
Executive and council		28,442	43,344	39,344	51,390	51,409	51,409	54,692	57,767	61,560
Budget and treasury office		23,966	42,745	30,076	47,910	39,457	39,457	54,121	57,477	60,868
Corporate services		14,664	16,209	20,540	30,494	31,805	31,805	28,306	30,086	31,861
Community and public safety		12,471	20,344	16,088	13,683	18,357	18,357	17,019	18,074	19,030
Community and social services		-	4,477	-	-	3,841	3,841	857	910	964
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		12,471	15,866	16,088	13,683	14,516	14,516	16,162	17,164	18,066
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		42,374	45,071	40,472	45,521	46,776	46,776	58,014	66,336	77,376
Planning and development		6,483	15,480	6,594	16,973	16,458	16,458	18,326	19,462	20,610
Road transport		35,891	29,591	33,877	28,549	30,319	30,319	39,688	46,874	56,765
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		15,043	12,589	11,145	15,632	14,614	14,614	22,263	23,643	25,038
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		15,043	12,589	11,145	15,632	14,614	14,614	22,263	23,643	25,038
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	136,961	180,302	157,664	204,630	202,419	202,419	234,415	253,383	275,733
Surplus/(Deficit) for the year		11,413	(6,665)	48,370	34,206	54,096	54,096	16,803	14,701	4,577

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 recognised – 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 the case for the Waste management function. However the function is heavily subsidized by the equitable share and as already noted above, the municipality will be undertaking a detailed study of this function 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.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**EC156 Mhlontlo - 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									
Vote 1 - Mayors Office		2,032	1,050	1,677	2,285	2,381	2,381	3,085	3,276	3,469
Vote 2 - Council		15,641	10,264	25,294	33,941	30,589	30,589	30,755	32,662	34,589
Vote 3 - Municipal Managers Office		9,716	5,363	8,326	8,576	13,644	13,644	12,287	13,049	13,819
Vote 4 - Strategic Services		-	-	4,616	7,477	6,308	6,308	7,996	8,492	8,993
Vote 5 - Budget and Treasury Office		18,145	36,182	21,811	34,273	33,624	33,624	31,006	32,150	29,518
Vote 6 - Corporate Services		11,923	6,537	22,704	27,934	33,908	33,908	30,263	31,876	33,756
Vote 7 - Local Economic Development		9,574	6,034	10,778	19,773	18,161	18,161	22,013	23,378	24,757
Vote 8 - Community Services		32,022	15,613	33,687	33,178	35,189	35,189	41,681	44,243	46,853
Vote 9 - Infrastructure Planning and Development		49,321	92,593	77,141	71,398	82,710	82,710	72,131	78,958	84,555
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	148,373	173,637	206,035	238,836	256,515	256,515	251,218	268,085	280,310
Expenditure by Vote to be appropriated	1									
Vote 1 - Mayors Office		19,613	2,636	1,275	2,285	2,381	2,381	3,085	3,276	3,469
Vote 2 - Council		-	18,890	22,588	33,141	29,274	29,274	30,755	32,612	34,657
Vote 3 - Municipal Managers Office		8,830	21,818	13,935	8,487	13,447	13,447	12,737	13,527	14,325
Vote 4 - Strategic Services		-	-	1,546	7,477	6,308	6,308	8,115	8,352	9,109
Vote 5 - Budget and Treasury Office		23,966	42,745	30,076	47,910	39,457	39,457	54,121	57,477	60,868
Vote 6 - Corporate Services		14,664	16,209	20,540	30,494	31,805	31,805	28,306	30,086	31,861
Vote 7 - Local Economic Development		6,483	15,480	6,594	16,973	16,458	16,458	18,326	19,462	20,610
Vote 8 - Community Services		27,515	32,933	27,233	29,574	32,971	32,971	39,282	41,718	44,069
Vote 9 - Infrastructure Planning and Development		35,891	29,591	33,877	28,549	30,319	30,319	39,688	46,874	56,765
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	136,961	180,302	157,664	204,890	202,419	202,419	234,415	253,383	275,733
Surplus/(Deficit) for the year	2	11,413	(6,664)	48,370	33,946	54,096	54,096	16,803	14,701	4,577

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 organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**EC156 Mhlontlo - 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	7,270	7,608	9,078	15,663	15,663	15,663	-	15,663	16,634	16,687
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	566	568	573	976	1,153	1,153	-	1,220	1,296	1,372
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		64	70	46	43	43	43	-	46	49	52
Interest earned - external investments		2,314	1,413	1,211	682	3,564	3,564	-	3,564	3,785	4,008
Interest earned - outstanding debtors		-	745	661	111	764	764	-	216	230	243
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		151	183	144	216	64	64	-	67	71	76
Licences and permits		1,124	1,141	1,304	1,341	1,426	1,426	-	1,516	1,610	1,705
Agency services		-	807	800	877	780	780	-	826	877	929
Transfers recognised - operational		109,996	126,617	138,046	181,706	183,242	183,242	-	172,237	183,185	191,694
Other revenue	2	2,219	1,137	1,460	356	12,949	12,949	-	15,035	15,967	16,909
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		123,703	140,289	153,322	201,970	219,648	219,648	-	210,389	223,703	233,674
Expenditure By Type											
Employee related costs	2	51,307	67,547	68,078	79,999	82,969	82,969	-	87,165	92,569	98,031
Remuneration of councillors		13,316	12,163	15,145	19,533	16,854	16,854	-	17,293	18,365	19,448
Debt impairment	3	989	1,886	2,170	5,350	5,350	5,350	-	19,876	21,108	22,354
Depreciation & asset impairment	2	10,844	10,567	15,229	9,787	3,533	3,533	-	14,708	15,620	22,730
Finance charges		-	174	234	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	5,491	1,881	-	-	-	-	-	-	-
Contracted services		1,896	2,788	2,926	21,788	21,457	21,457	-	21,189	27,228	29,772
Transfers and grants		-	-	-	-	-	-	-	4,233	4,495	4,760
Other expenditure	4, 5	58,561	79,405	51,856	68,432	72,255	72,255	-	69,950	73,998	78,677
Loss on disposal of PPE		47	281	145	-	-	-	-	-	-	-
Total Expenditure		136,961	180,302	157,664	204,890	202,419	202,419	-	234,414	253,384	275,772
Surplus/(Deficit)		(13,257)	(40,012)	(4,342)	(2,920)	17,230	17,230	-	(24,025)	(29,680)	(42,098)
Transfers recognised - capital		24,670	33,348	52,712	36,866	36,866	36,866	-	40,828	44,382	46,675
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		11,413	(6,664)	48,371	33,946	54,096	54,096	-	16,803	14,701	4,577
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		11,413	(6,664)	48,371	33,946	54,096	54,096	-	16,803	14,701	4,577
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		11,413	(6,664)	48,371	33,946	54,096	54,096	-	16,803	14,701	4,577
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		11,413	(6,664)	48,371	33,946	54,096	54,096	-	16,803	14,701	4,577

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

1. Total revenue is R210.3 million in 2016/17 and escalates to R233.7 million by 2018/19.
2. Revenue to be generated from property rates is R15.6 million in the 2016/17 financial year and increases to R16.7 million by 2018/19 which represents 7.1per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 0 per cent, 6.2 per cent and 5.9 per cent for each of the respective financial years of the MTREF.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the grants receipts from national government were reduced for the 2016/17 financial year but increase steadily during the two outer years.
4. Employee related costs and other expenditure are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC156 Mhlontlo - 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
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Mayors Office		-	-	-	-	-	-	-	-	-	-
Vote 2 - Council		-	-	-	-	-	-	-	-	-	-
Vote 3 - Municipal Managers Office		-	-	-	-	-	-	-	-	-	-
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Local Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 9 - Infrastructure Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Mayors Office		-	-	-	-	-	-	-	-	-	-
Vote 2 - Council		-	7,239	-	800	1,316	1,316	-	-	-	-
Vote 3 - Municipal Managers Office		267	-	-	89	48	48	-	50	53	57
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Budget and Treasury Office		174	1,275	-	1,500	1,500	1,500	-	-	-	-
Vote 6 - Corporate Services		232	549	34	1,150	1,850	1,850	-	1,957	1,790	1,895
Vote 7 - Local Economic Development		-	-	323	2,800	1,650	1,650	-	4,125	4,381	4,639
Vote 8 - Community Services		551	5	9	3,510	3,440	3,440	-	2,380	2,528	2,677
Vote 9 - Infrastructure Planning and Development		19,330	32,388	46,426	42,850	50,837	50,837	-	40,828	43,360	45,918
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		20,554	41,457	46,792	52,699	60,641	60,641	-	49,341	52,111	55,186
Total Capital Expenditure - Vote		20,554	41,457	46,792	52,699	60,641	60,641	-	49,341	52,111	55,186
Capital Expenditure - Standard											
Governance and administration		673	9,063	34	3,539	4,714	4,714	-	2,008	1,843	1,952
Executive and council		267	7,239	-	889	1,364	1,364	-	50	53	57
Budget and treasury office		174	1,275	-	1,500	1,500	1,500	-	-	-	-
Corporate services		232	549	34	1,150	1,850	1,850	-	1,957	1,790	1,895
Community and public safety		460	5	9	1,110	951	951	-	117	124	132
Community and social services		-	-	-	-	51	51	-	117	124	132
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		460	5	9	1,110	900	900	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		19,330	32,388	46,749	45,650	52,487	52,487	-	44,953	47,740	50,557
Planning and development		-	-	9,035	2,800	1,650	1,650	-	4,125	4,381	4,639
Road transport		19,330	32,388	37,714	42,850	50,837	50,837	-	40,828	43,360	45,918
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		91	-	-	2,400	2,489	2,489	-	2,263	2,403	2,545
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		91	-	-	2,400	2,489	2,489	-	2,263	2,403	2,545
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	20,554	41,457	46,792	52,699	60,641	60,641	-	49,341	52,111	55,186
Funded by:											
National Government		20,554	41,457	46,792	52,699	60,641	60,641	-	49,341	52,111	55,186
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	20,554	41,457	46,792	52,699	60,641	60,641	-	49,341	52,111	55,186
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	20,554	41,457	46,792	52,699	60,641	60,641	-	49,341	52,111	55,186

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. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R49.3 million for the 2016/17 financial year and remains relatively constant over the MTREF at levels of R52.1 million and R55.2 million respectively for the two outer years.
4. The capital programme is funded entirely from capital grants and transfers.

Table 17 MBRR Table A6 - Budgeted Financial Position

EC156 Mhlontlo - 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		35,141	14	5,315	2,713	2,713	2,713	-	29,124	28,727	26,039
Call investment deposits	1	-	2,361	10,062	7,607	7,607	7,607	-	10,062	10,062	10,062
Consumer debtors	1	-	2,349	2,628	6,021	6,021	6,021	-	5,365	19,454	24,979
Other debtors		8,205	484	3,221	395	395	395	-	3,221	3,221	3,221
Current portion of long-term receivables		-	772	-	-	-	-	-	-	-	-
Inventory	2	-	10,506	10,497	16,062	16,062	16,062	-	10,497	10,497	10,497
Total current assets		43,346	16,487	31,723	32,798	32,798	32,798	-	58,269	71,961	74,798
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	(6,944)	(6,944)	(6,944)
Investments		-	-	-	-	-	-	-	3,000	3,000	3,000
Investment property		21,401	27,112	27,112	27,442	27,442	27,442	-	27,112	27,112	27,112
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	104,693	127,410	159,199	193,900	208,096	208,096	-	250,939	287,430	319,886
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		1,031	1,187	815	865	865	865	-	815	815	815
Other non-current assets		119	119	119	-	-	-	-	119	119	119
Total non current assets		127,245	155,828	187,245	222,207	236,403	236,403	-	275,041	311,532	343,988
TOTAL ASSETS		170,590	172,315	218,968	255,005	269,201	269,201	-	333,310	383,493	418,786
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	22,995	14,294	9,109	8,826	8,826	8,826	-	9,109	9,109	9,109
Provisions		-	8,638	11,655	19,411	19,411	19,411	-	11,655	11,655	11,655
Total current liabilities		22,995	22,932	20,764	28,237	28,237	28,237	-	20,764	20,764	20,764
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		5,032	4,734	5,185	-	-	-	-	5,185	5,185	5,185
Total non current liabilities		5,032	4,734	5,185	-	-	-	-	5,185	5,185	5,185
TOTAL LIABILITIES		28,027	27,666	25,949	28,237	28,237	28,237	-	25,949	25,949	25,949
NET ASSETS	5	142,564	144,648	193,019	226,768	240,964	240,964	-	307,361	357,544	392,837
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	142,564	144,648	193,019	226,768	240,964	240,964	-	307,361	357,544	392,837
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	142,564	144,648	193,019	226,768	240,964	240,964	-	307,361	357,544	392,837

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 A6 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. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

EC156 Mhlontlo - 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		5,345	7,181	5,065	7,831	8,458	8,458	-	7,675	9,814	11,514
Service charges		-	198	172	488	1,035	1,035	-	598	765	947
Other revenue		5,781	3,338	3,752	2,832	15,262	15,262	-	17,489	18,573	19,669
Government - operating	1	82,138	126,617	138,047	181,706	183,242	183,242	-	172,237	183,185	191,694
Government - capital	1	34,376	33,348	52,712	36,866	60,641	60,641	-	49,341	52,111	55,186
Interest		1,576	2,158	1,872	682	3,564	3,564	-	3,670	3,921	4,176
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(88,188)	(163,454)	(141,595)	(191,422)	(193,536)	(193,536)	-	(199,830)	(216,655)	(230,689)
Finance charges		-	(174)	(234)	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		41,027	9,211	59,792	38,984	78,667	78,667	-	51,180	51,714	52,498
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		157	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	6,944	6,944	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	6,944	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	1	3,000	(3,000)	(3,000)	-	-	-	-
Payments											
Capital assets		(20,113)	(41,977)	(46,792)	(46,715)	(60,641)	(60,641)	-	(49,341)	(52,111)	(55,186)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(19,957)	(41,977)	(46,790)	(36,771)	(56,697)	(56,697)	-	(49,341)	(52,111)	(55,186)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		21,070	(32,766)	13,002	2,213	21,970	21,970	-	1,839	(397)	(2,688)
Cash/cash equivalents at the year end:	2	14,071	35,141	2,375	500	15,377	15,377	-	37,347	39,186	38,789
Cash/cash equivalents at the year begin:	2	35,141	2,375	15,377	2,713	37,347	37,347	-	39,186	38,789	36,101

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC156 Mhlontlo - Table A8 Cash backed reserves/accumulated surplus reconciliation

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 and investments available											
Cash/cash equivalents at the year end	1	35,141	2,375	15,377	2,713	37,347	37,347	-	39,186	38,789	36,101
Other current investments > 90 days		0	0	0	7,607	(27,028)	(27,028)	-	0	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	3,000	3,000	3,000
Cash and investments available:		35,141	2,375	15,377	10,320	10,320	10,320	-	42,186	41,789	39,101
Application of cash and investments											
Unspent conditional transfers		12,697	2,011	1,662	1,663	1,663	1,663	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	2,286	9,806	3,709	3,509	2,327	2,327	-	7,886	(3,375)	(8,877)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		14,983	11,817	5,371	5,172	3,990	3,990	-	7,886	(3,375)	(8,877)
Surplus(shortfall)		20,158	(9,442)	10,006	5,148	6,330	6,330	-	34,300	45,164	47,978

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. The approved 2015/16 MTREF was incorrectly calculated, where an opening cash balance of R 500 000 instead of R 15.4 million which then resulted in a reduced closing balance of R2.7 million instead of R 37.3 million at year end.
4. As part of the 2015/16 mid-year review and Adjustments Budget this misstated cash position had to be addressed as a matter of urgency.
5. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R39.2 million as at the end of the 2016/17 financial year and reduces to R36.1 million by 2018/19.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 20 MBRR Table A9 - Asset Management

EC156 Mhlontlo - Table A9 Asset Management

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										
CAPITAL EXPENDITURE										
Total New Assets	1	20,554	41,796	46,749	52,699	60,641	60,641	49,341	52,111	55,186
Infrastructure - Road transport		17,423	31,670	37,090	42,850	32,809	32,809	18,881	20,051	21,234
Infrastructure - Electricity		-	-	582	-	-	-	4,937	5,243	5,552
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	23	-	-	-	-	-	-	-
Infrastructure		17,423	31,693	37,672	42,850	32,809	32,809	23,817	25,294	26,786
Community		2,105	645	9,035	2,700	14,239	14,239	15,838	16,820	17,813
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	586	9,457	42	7,149	13,593	13,593	9,209	9,996	10,586
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		441	-	-	-	-	-	476	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	17,423	31,670	37,090	42,850	32,809	32,809	18,881	20,051	21,234
Infrastructure - Road transport		-	-	582	-	-	-	4,937	5,243	5,552
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	23	-	-	-	-	-	-	-
Infrastructure		17,423	31,693	37,672	42,850	32,809	32,809	23,817	25,294	26,786
Community		2,105	645	9,035	2,700	14,239	14,239	15,838	16,820	17,813
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	586	9,457	42	7,149	13,593	13,593	9,209	9,996	10,586
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		441	-	-	-	-	-	476	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	20,554	41,796	46,749	52,699	60,641	60,641	49,341	52,111	55,186
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	70,087	89,343	134,784	132,336	122,296	122,296	140,595	150,269	210,027
Infrastructure - Electricity		-	-	1,886	503	503	503	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		8,061	5,470	-	-	6,254	6,254	6,254	6,254	6,254
Infrastructure		78,148	94,813	136,670	132,840	129,053	129,053	146,849	156,523	216,281
Community		1,589	1,482	13,565	30,783	42,322	42,322	58,160	74,981	92,794
Heritage assets		-	-	119	225	225	225	225	225	225
Investment properties		21,401	27,112	27,112	27,442	27,442	27,442	27,112	27,112	27,112
Other assets		25,076	30,152	9,623	30,052	36,496	36,496	45,704	55,701	10,586
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		1,031	1,187	815	865	865	865	815	815	815
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	127,245	154,746	187,904	222,207	236,403	236,403	278,866	315,357	347,813
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	10,844	10,567	15,229	9,787	3,533	3,533	14,708	15,620	22,730
Repairs and Maintenance by Asset Class		-	6,534	1,205	4,577	4,788	4,788	4,069	4,271	4,573
Infrastructure - Road transport		-	996	-	2,150	2,150	2,150	560	595	630
Infrastructure - Electricity		-	1,771	3	721	721	721	762	810	857
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	199	-	150	150	150	-	-	-
Infrastructure		-	2,966	3	3,021	3,021	3,021	1,322	1,404	1,487
Community		-	6	-	-	-	-	159	169	178
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	3,562	1,202	1,557	1,768	1,768	2,588	2,698	2,907
TOTAL EXPENDITURE OTHER ITEMS		10,844	17,100	16,434	14,364	8,321	8,321	18,777	19,891	27,303
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	5.1%	0.8%	2.4%	2.3%	2.3%	1.6%	1.5%	1.4%
Renewal and R&M as a % of PPE		0.0%	4.0%	1.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality does not meet both these recommendations.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

EC156 Mhlontlo - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	1,180	1,180	1,180	1,180	1,180	1,180
<i>Minimum Service Level and Above sub-total</i>					1,180	1,180	1,180	1,180	1,180	1,180
Removed less frequently than once a week		-	-	-	258	258	258	258	258	258
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					258	258	258	258	258	258
Total number of households	5	-	-	-	1,438	1,438	1,438	1,438	1,438	1,438
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	750	750	750	750	750	750
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)					7,285	7,285	7,285	4,233	4,495	4,760
Total cost of FBS provided					7,285	7,285	7,285	4,233	4,495	4,760
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		80	80	80	80	80	80	80	80	80
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	4,401	4,725	5,063
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	2,382	-	-	-	-	8,910	9,450	10,125
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided		-	2,382	-	-	-	-	13,311	14,175	15,188

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

22.1 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 are 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's 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.

22.1.1 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 2015) 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 13 August 2015. Key dates applicable to the process were:

PROCESS	ACTIVITY	TIME FRAME		RESPONSIBILITY
JULY 2015 (PREPARATION PHASE)				
IDP	<ul style="list-style-type: none"> Development of IDP Framework, PMS and Budget Process Plan 	02 Jul – 05 Aug 2015		DD Strategic Services
BUDGET	<ul style="list-style-type: none"> Municipality commences with planning for next three-year budget Review options and contracts for service delivery 	02 Jul – 05 Aug 2015		CFO Senior Managers
PMS	<ul style="list-style-type: none"> Submission of Draft SDBIP 2015/16 and Draft Annual Performance Agreements to the Mayor Submission of Draft 4th Quarter Performance Report 2014/15 to Executive Committee Finalise 2015/16 performance agreements Mayor tables SDBIP & submission of 4th quarter report to Council 	16 July 2015 15 July 2015 30 July 2015 30 July 2015		Municipal Managers Municipal Manager Municipal Manager Mayor
AUGUST 2015 (PREPARATION – ANALYSIS PHASE)				
IDP	<ul style="list-style-type: none"> Advertisement and Circulation of IDP Framework & Process Plan Launch of Process Plan in IDP Representative Forum (Stakeholder consultation on the draft IDP Framework, PMS and Budget Process Plan 2015/2016) Adoption of the IDP Framework, PMS and Budget Process Plan 2015/2016 	17 August 2015 19 August 2015 25 August 2015		DD Strategic Services DD Strategic Services DD Strategic Services
BUDGET	<ul style="list-style-type: none"> Review of previous years budget process and completion of the budget evaluation checklist also taking into consideration comments from external stakeholders (NT and PT) 	25 August 2015		CFO
PMS	<ul style="list-style-type: none"> Submit Annual Performance Agreements to MEC CoGTA Submission of Annual Performance Report 2014/15 to AG Submission of Draft Annual Report to the council for noting 	12 August 2015 04 August 2015 04 August 2015		Municipal Manager Municipal Manager Mayor
SEPTEMBER 2015 (SITUATIONAL ANALYSIS PHASE)				
IDP	<ul style="list-style-type: none"> Evaluate outstanding sector plan requirements and additional analysis where necessary Data Collection (Community based analysis) 	2 – 14 September 2015 02 -30 September 2015		All departments DD Strategic Services
BUDGET	<ul style="list-style-type: none"> Budget office determines revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives Engage with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc) 	02-30 September 2015		CFO Senior Managers
PMS	<ul style="list-style-type: none"> Circulation of first quarter report template to all departments 	30 September 2015		DD Strategic Services
OCTOBER 2015 (SITUATIONAL ANALYSIS PHASE)				
IDP	<ul style="list-style-type: none"> Data Collection Continues (Community based analysis) IDP Steering Committee sits to discuss issues identified during Analysis Phase 	01 - 14 October 2015 29 October 2015		DD Strategic Services DD Strategic Services
BUDGET	<ul style="list-style-type: none"> Initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials 	01-14 October 2015		CFO and Senior Managers

PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
PMS	<ul style="list-style-type: none"> Consolidation of 1st Quarter Report Discussion of 1st Quarter Report by management First Quarterly Report to the EXCO First Quarter Report to Council 	09 October 2015 12 October 2015 19 October 2015 30 October 2015	DD Strategic Services All HOD's Municipal Manager Mayor
NOVEMBER 2015 (SITUATIONAL ANALYSIS PHASE)			
IDP	<ul style="list-style-type: none"> IDP Steering Committee to look at Situational Analysis IDP Representative Forum Finalisation of Situational Analysis 	16 November 2015 19 November 2015 20 November 2015	DD Strategic Services
BUDGET	<ul style="list-style-type: none"> Accounting officer reviews and drafts initial changes to IDP 	30 November 2015	CFO/ Municipal Manager
PMS	<ul style="list-style-type: none"> Place 1st Quarter Report on the municipal website 	14 November 2015	ICT
DECEMBER 2015 (SITUATIONAL ANALYSIS PHASE)			
IDP	<ul style="list-style-type: none"> Preparation for Strategic Planning Session 	07 - 12 December 2015	DD Strategic Services
BUDGET	<ul style="list-style-type: none"> Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous years performance as per audited financial statements. Commence with the review of tariff (rates and service charges) and budget related policies for next financial year. 	07-12 December 2015	CFO Senior Managers
PMS	<ul style="list-style-type: none"> Collation of the draft 2013/14 annual report incorporating financial and non-financial on performance, audit reports and annual financial statements. Circulate template for 2nd Quarter and Midterm Performance Report 	12 December 2014 19 December 2014	All Department COO
JANUARY 2016 (STRATEGIC FORMULATION – INTEGRATION PHASE)			
IDP	<ul style="list-style-type: none"> Strategic Planning session (Prioritisation of needs and draft strategic objectives) Finalisation of Strategic Planning Report. 	26-28 January 2016	DD Strategic Services
BUDGET	<ul style="list-style-type: none"> Review proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January) 	31 January 2015	CFO
PMS	<ul style="list-style-type: none"> Work session on Mid-term Assessment and Amended SDBIP for 2015/2016 Submission of mid-term report by all departments Present Draft Annual report & Mid-term report and Amended SDBIP for 2015/2016 to EXCO. Mayor tables Annual Report (2015/16), Amended SDBIP for 2015/2016 & Mid Term assessment report for 2015/16 to Council 	15 January 2016 15 January 2016 18 January 2016 30 January 2016	All HODs All departments Municipal Manager Mayor
FEBRUARY 2016 (STRATEGIC FORMULATION - INTEGRATION PHASE)			
IDP	<ul style="list-style-type: none"> IDP and Budget Steering Committee to discuss Project and Alignment IDP Rep Forum (Presentation of Draft Projects) 	18 February 2016 25 February 2016	Municipal Manager Mayor
BUDGET	<ul style="list-style-type: none"> Finalise and submit to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report 	28 February 2015	CFO
PMS	<ul style="list-style-type: none"> Publicise the 2014/15 Annual report and invite comments from communities. 	3 – 7 February 2016 14 February 2016	COO COO

PROCESS	ACTIVITY	TIME FRAME		RESPONSIBILITY
	<ul style="list-style-type: none"> Submit tabled report to AG, National & Provincial Treasury and DLGTA. Mid-year performance reviews (top management) Oversight roadshows on the 2014/15 Annual Report 	16 – 27 February 2016 23 – 27 February 2016		Municipal Manager Speaker's Office
MARCH 2016 (APPROVAL PHASE)				
IDP	<ul style="list-style-type: none"> Draft IDP & Budget presented to Steering Committee. IDP Rep Forum – presentation of Draft IDP & Budget. Draft IDP and Budget presented to the EXCO Draft IDP & Budget tabled to Council 	07 March 2016 11 March 2016 21 March 2016 31 March 2016		Municipal Manager Mayor Municipal Manager Mayor
BUDGET	<ul style="list-style-type: none"> Publish tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed 	31 March 2015		CFO
PMS	<ul style="list-style-type: none"> Compilation of Third Term Report by all departments Approval of 2013/14 Oversight report on the Annual Report Adopt the 2013/14 Annual report with the comments of the Oversight Committee. 	04 March 2016 31 March 2015 31 March 2015		COO Speaker Speaker
APRIL 2016 (APPROVAL PHASE)				
IDP	<ul style="list-style-type: none"> Draft IDP advertised for public comments and Publicise Roadshows Submission of Draft IDP to AG, NT, PT, Legislature and DLGTA IDP & Budget Roadshows 	08 April 2016 08 April 2016 18-22 April 2016		DD Strategic Services DD Strategic Services Strat's/ Speaker's Office
BUDGET	<ul style="list-style-type: none"> Assist the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year 	30 April 2015		CFO
PMS	<ul style="list-style-type: none"> Compilation of Third Quarter Performance Report Submission of Third Quarter Performance Report to Council 	06 April 2016 29 April 2016		All departments Mayor
MAY 2016 (APPROVAL PHASE – FINAL IDP & BUDGET)				
IDP	<ul style="list-style-type: none"> Incorporation of community inputs into the IDP. IDP Steering Committee meeting to present final IDP for 2016/2017 IDP Rep Forum to present final IDP for 2016/2017 EXCO to sit and consider the draft IDP Mayor tables 2014/15 IDP and Budget to Council for final adoption. 	02 – 06 May 2016 09 May 2016 18 May 2016 24 May 2016 31 May 2016		DD Strategic Services Municipal Manager Mayor Mayor Mayor
BUDGET	<ul style="list-style-type: none"> Assist the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature 	31 May 2016		CFO
PMS	<ul style="list-style-type: none"> Drafting of the 2016 - 17 SDBIP & Performance Agreements 	18 – 21 May 2015		All HODs
JUNE 2016 (POST APPROVAL PHASE)				
IDP	<ul style="list-style-type: none"> Submission of Final IDP 2016/2017 & Budget to AG, National & Provincial Treasury, Legislature and DLGTA Publicise adoption of IDP 	06 June 2016 07 June 2016		DD Strategic Services DD Strategic Services
BUDGET	<ul style="list-style-type: none"> Publish adopted budget and plans 	07 June 2015		CFO CFO
PMS	<ul style="list-style-type: none"> Draft SDBIP & Performance Agreements to the Mayor 14 days after adoption of IDP & Budget 	17 June 2016		Municipal Manager

PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	<ul style="list-style-type: none"> • Submit approved SDBIP to MEC for Local Government, National and Provincial Treasury. • Publicise SDBIP and Performance Agreements • Mayor approves Institutional SDBIP within 28 days of Budget approval • Approved SDBIP placed on the website 	08 July 2016 08 July 2106 30 June 2016 30 June 2016	COO COO Mayor ICT

It must be noted that there were some deviations from the key dates set out in the Budget Time Schedule tabled in Council.

22.1.2 IDP and Service Delivery and Budget Implementation Plan

We are proud of our IDP which discusses a variety of topics such as the economic welfare of the community of Mhlontlo, our financial situation as well as our projects that our planned for the next year. The IDP includes a comprehensive project register which indicates both funded and unfunded projects. The IDP and budget is linked with each other and the linkage is illustrated in the budget document. The IDP and budget tries to address service delivery backlogs which needs priority. The municipality's strategic objectives and also the national priorities are clearly indicated in the document.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2011/12 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

22.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels

- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 79 has been taken into consideration in the planning and prioritisation process.

22.1.4 Community Consultation

The draft 2016/17 MTREF as tabled before Council on 31 March 2016 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2016/17 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- The affordability of tariff increases, especially pound fees, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and

22.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National Development Plan;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

2015/16 Financial Year	2016/17 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide waste removal;
 - Provide roads and storm water;
 - Provide town planning services; and
 - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;

- Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective town cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC156 Mhlontlo - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	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
Public Participation	Ensure effective stakeholder participation in municipal IDP and Budget by 2016/17	A		2,032	1,050	1,677	2,285	2,381	2,381	3,085	3,276	3,469
Public Participation	To improve the council oversight responsibility by 2016/17	B		15,641	10,264	25,294	33,941	30,589	30,589	30,755	32,662	34,589
Institutional Transformation and Development	To strengthen municipal governance and administrative capacity	C		9,716	5,363	8,326	8,576	13,644	13,644	12,287	13,049	13,819
Special Programmes	Improve effectiveness and efficiency of special programmes	D		-	-	4,616	7,477	6,308	6,308	7,996	8,492	8,993
Financial viability	To ensure universal access to basic household, community and social services	E		18,145	36,153	21,811	34,273	33,624	33,624	31,006	32,150	29,518
Institutional Transformation and Development	Human resources development and employment equity	F		11,923	6,537	20,498	27,934	33,908	33,908	30,263	31,876	33,756
Institutional Transformation and Development	To ensure the adequate availability of IT Infrastructure and accessibility by 2015/16	G		-	-	2,205	-	-	-	-	-	-
Local economic development	Create an environment that promotes development of the local economy and facilitate job creation.	H		9,574	5,985	10,778	19,773	18,161	18,161	22,013	23,378	24,757
	Ensure the enhancement of social Capital by providing social infrastructure	I		-	70	-	-	-	-	-	-	-
Strengthen municipal governance and administrative capacity	Ensure healthy and safe environment by 2016/17	J		18,045	14,303	15,808	14,793	14,643	14,643	16,181	17,162	18,174
Strengthen municipal governance and administrative capacity	Ensure healthy and safe environment by 2016/17	K		4,155	785	3,382	354	3,892	3,892	974	1,035	1,096
Waste management	Provision of refuse collection from all urban HH.	L		9,822	584	14,497	18,032	16,654	16,654	24,526	26,046	27,583
Infrastructure and Service Delivery	To ensure that Mhlontlo 7080 Households are provided with roads and stormwater management BY 2017	M		49,321	-	-	29,205	40,517	40,517	25,329	29,254	31,919
Infrastructure and Service Delivery	To ensure that Mhlontlo 7080 Households are provided with roads and stormwater management BY 2017	N		-	92,535	77,141	42,193	42,180	42,180	46,802	49,704	52,675
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	148,373	173,629	206,035	238,836	256,502	256,502	251,218	268,085	280,349

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC156 Mhlontlo - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	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	
Public Participation	Ensure effective stakeholder participation in municipal IDP and Budget by 2016/17	A		19,613	2,636	1,275	2,285	2,381	2,381	3,085	3,276	3,469	
Public Participation	To improve the council oversight responsibility by 2016/17	B		–	18,890	22,588	33,141	29,274	29,274	30,755	32,612	34,657	
Institutional Transformation and Development	To strengthen municipal governance and administrative capacity	C		8,830	23,286	13,935	8,487	13,447	13,447	12,737	13,527	14,325	
Special Programmes	Improve effectiveness and efficiency of special programmes	D		–	–	1,546	7,477	6,308	6,308	8,115	8,352	9,109	
Financial viability	To ensure universal access to basic household, community and social services	E		23,966	47,497	30,076	47,910	39,457	39,457	54,121	57,477	60,868	
Institutional Transformation and Development	Human resources development and employment equity	F		14,664	14,209	19,958	30,494	31,805	31,805	28,306	30,086	31,861	
Institutional Transformation and Development	To ensure the adequate availability of IT Infrastructure and accessibility by 2015/16	G		–	–	581	–	–	–	–	–	–	
Local economic development	Create an environment that promotes development of the local economy and facilitate	H		6,483	10,022	6,594	16,973	16,458	16,458	18,326	19,462	20,610	
	Ensure the enhancement of social Capital by providing social infrastructure	I		–	5,458	–	–	–	–	–	–	–	
Strengthen municipal governance and administrative capacity	Ensure healthy and safe environment by 2016/17	J		–	13,866	–	–	–	–	16,162	17,164	18,066	
Strengthen municipal governance and administrative capacity	Ensure healthy and safe environment by 2016/17	K		–	4,477	–	–	–	–	857	910	964	
Waste management	Provision of refuse collection from all urban HH.	L		27,515	12,589	27,233	29,574	32,971	32,971	22,263	23,643	25,038	
Infrastructure and Service Delivery	To ensure that Mhlontlo 7080 Households are provided with roads and stormwater	M		35,891	29,591	–	23,222	24,953	24,953	22,742	28,877	31,518	
Infrastructure and Service Delivery	To ensure that Mhlontlo 7080 Households are provided with roads and stormwater	N		–	–	33,877	5,327	5,366	5,366	16,947	17,997	25,286	
Allocations to other priorities													
Total Expenditure				1	136,961	182,522	157,664	204,890	202,419	202,419	234,415	253,383	275,772

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EC156 Mhlontlo - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	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
Public Participation	Ensure effective stakeholder participation in municipal IDP and Budget by 2016/17	A		-	-	-	-	-	-	-	-	-
Public Participation	To improve the council oversight responsibility by 2016/17	B		-	7,628	-	800	1,316	1,316	-	-	-
Institutional Transformation and Development	To strengthen municipal governance and administrative capacity	C		267	-	-	89	48	48	50	53	57
Special Programmes	Improve effectiveness and efficiency of special programmes	D		-	-	-	-	-	-	-	-	-
Financial viability	To ensure universal access to basic household, community and social services	E		174	1,275	-	1,500	1,500	1,500	-	-	-
Institutional Transformation and Development	Human resources development and employment equity	F		217	549	34	1,150	1,850	1,850	1,957	1,790	1,895
Institutional Transformation and Development	To ensure the adequate availability of IT Infrastructure and accessibility by 2015/16	G		14	-	-	-	-	-	-	-	-
Local economic development	Create an environment that promotes development of the local economy and facilitate	H		-	645	323	2,800	2,000	2,000	4,125	4,381	4,639
	Ensure the enhancement of social Capital by providing social infrastructure	I		-	-	-	-	-	-	-	-	-
Strengthen municipal governance and administrative capacity	Ensure healthy and safe environment by 2016/17	J		-	-	-	-	-	-	-	-	-
Strengthen municipal governance and administrative capacity	Ensure healthy and safe environment by 2016/17	K		-	-	-	-	-	-	117	124	132
Waste management	Provision of refuse collection from all urban HH.	L		551	28	9	3,510	3,090	3,090	2,263	2,403	2,545
Infrastructure and Service Delivery	To ensure that Mhlontlo 7080 Households are provided with roads and stormwater	M		19,330	31,670	8,711	5,984	13,984	13,984	-	-	-
Infrastructure and Service Delivery	To ensure that Mhlontlo 7080 Households are provided with roads and stormwater	N		-	-	37,714	36,866	36,853	36,853	40,828	43,360	45,918
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	20,554	41,796	46,792	52,699	60,641	60,641	49,341	52,111	55,186

Table 26 MBRR Table SA8 - Performance indicators and benchmarks

EC156 Mhlontlo - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	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
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	1.3%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.9	0.7	1.5	1.2	1.2	1.2	-	2.8	3.5	3.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.9	0.7	1.5	1.2	1.2	1.2	-	2.8	3.5	3.6
Liquidity Ratio	Monetary Assets/Current Liabilities	1.5	0.1	0.7	0.4	0.4	0.4	-	1.9	1.9	1.7
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		68.2%	90.2%	54.3%	91.7%	97.7%	97.7%	0.0%	49.0%	59.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		68.2%	90.2%	54.3%	50.0%	56.5%	56.5%	0.0%	49.0%	59.0%	69.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	6.6%	2.6%	3.8%	3.2%	2.9%	2.9%	0.0%	0.8%	7.0%	9.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		29.3%	517.2%	48.4%	264.0%	19.2%	19.2%	0.0%	23.2%	23.5%	25.2%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	41.5%	48.1%	44.4%	39.6%	37.8%	37.8%	0.0%	41.4%	41.4%	42.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	52.2%	50.7%	54.0%	49.3%	45.4%	45.4%		49.6%	49.6%	50.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	4.7%	0.8%	2.3%	2.2%	2.2%		1.9%	1.9%	2.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.8%	7.7%	10.1%	4.8%	1.6%	1.6%	0.0%	7.0%	7.0%	9.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	6.4	7.3	22.4	5.7	5.7	5.7	-	9.7	9.7	10.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	103.9%	43.7%	60.3%	38.5%	38.1%	38.1%	0.0%	50.7%	126.1%	155.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.6	0.2	1.7	0.2	2.9	2.9	-	2.7	2.4	2.1

22.2.1 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2016/17 financial year 30 878 registered indigent households have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity, 20 litres of paraffin (alternative energy) and free waste removal equivalent to 85¢ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

22.3 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The municipalities' policies budget related policies were looked into and no changes were proposed except for Supply chain management policy with the incorporation of the effects of the Centralised Supplier Database and the infrastructure SCM policy.

22.4 Overview of budget assumptions

22.4.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 37 per cent of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

22.4.2 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (49 per cent) of annual billings. Cash flow is assumed to be 49 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy.

22.4.3 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

22.4.4 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

22.4.5 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

22.5 Overview of budget funding

22.5.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 27 Breakdown of the operating revenue over the medium-term

EC156 Mhlontlo - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
R thousand	1								
Revenue By Source									
Property rates	2	15,663	7.2%	15,663	7.4%	16,634	7.4%	16,687	7.1%
Service charges - electricity revenue	2	(224)		-	0.0%	-	0.0%	-	0.0%
Service charges - refuse revenue	2	1,153	0.5%	1,220	0.6%	1,296	0.6%	1,372	0.6%
Rental of facilities and equipment		43	0.0%	46	0.0%	49	0.0%	52	0.0%
Interest earned - external investments		3,564	1.6%	3,564	1.7%	3,785	1.7%	4,008	1.7%
Interest earned - outstanding debtors		764	0.4%	216	0.1%	230	0.1%	243	0.1%
Fines		64	0.0%	67	0.0%	71	0.0%	76	0.0%
Licences and permits		1,433	0.7%	1,516	0.7%	1,610	0.7%	1,705	0.7%
Agency services		780	0.4%	826	0.4%	877	0.4%	929	0.4%
Transfers recognised - operational		183,242	84.2%	172,237	81.9%	183,185	81.9%	191,694	82.0%
Other revenue	2	11,086	5.1%	15,035	7.1%	15,967	7.1%	16,909	7.2%
Gains on disposal of PPE				-		-		-	
Total Revenue (excluding capital transfers and contributions)		217,568		210,389		223,703		233,674	

The following graph is a breakdown of the operational revenue per main category for the 2016/17 financial year.

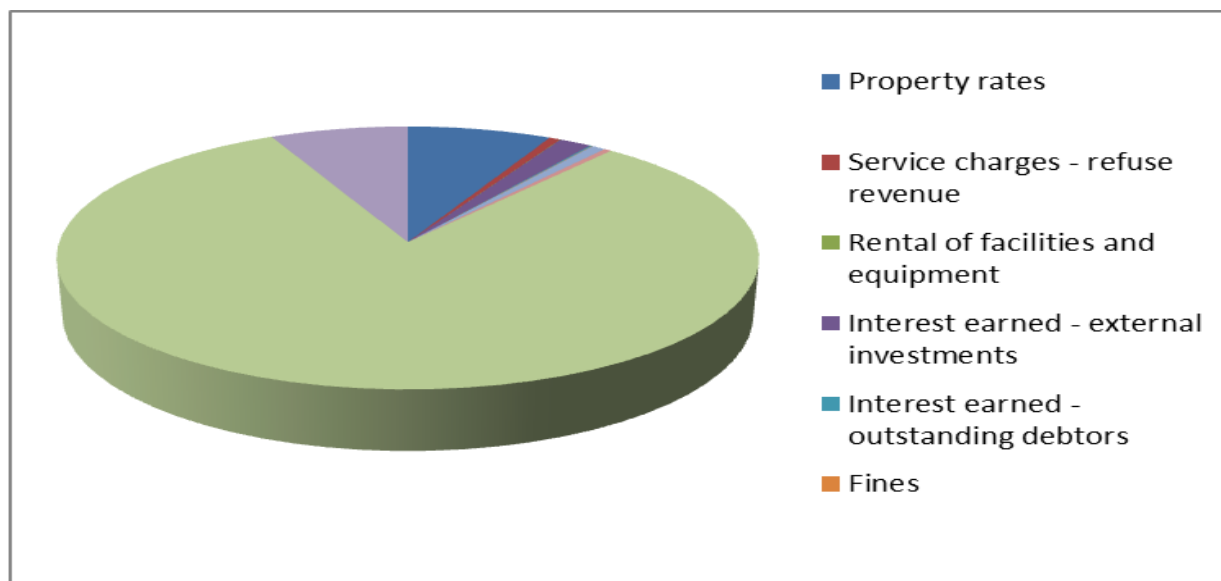


Figure 2 Breakdown of operating revenue over the 2016/17 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from operating grants from the national government.

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 49 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

Revenue to be generated from property rates is R15.7 million in the 2016/17 financial year and increases to R16.7 million by 2018/19 which represents 7.1 per cent of the operating revenue base of the municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The municipality is still in a process of further data verification and validation relating to the valuation roll. It is anticipated that the process will be concluded by the end of 2016. As the levying of property rates is considered strategic revenue source a further supplementary valuation process will be undertaken in the 3rd quarter of the 2016/17 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to refuse removal constitutes the lowest component of the revenue basket of the municipality totalling R1.2 million for the 2016/17 financial year and increasing to R1.4 million by 2018/19. For the 2016/17 financial year services charges amount to 0.6 per cent of the total revenue base and remains constant over the medium-term.

Operational grants and subsidies amount to R172.2 million, R183.2 million and R191.7 million for each of the respective financial years of the MTREF, or 81.9, 81.9 and 82 per cent of operating revenue.

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of R3.6 million, R3.8 million and R4 million for the respective three financial years of the 2016/17 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 28 MBRR SA15 – Detail Investment Information**EC156 Mhlontlo - Supporting Table SA15 Investment particulars by type**

Investment type	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										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		33,772	2,361	10,062	7,607	7,607	7,607	13,062	13,062	13,062
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	33,772	2,361	10,062	7,607	7,607	7,607	13,062	13,062	13,062
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		33,772	2,361	10,062	7,607	7,607	7,607	13,062	13,062	13,062

Table 29 MBRR SA16 – Investment particulars by maturity

EC156 Mhlontlo - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
Parent municipality														
31 Revolving Fund		1	Notice accounts	Yes	Fixed	4.4	0	0	30/06/2017	11,616	7,859	(7,859)	--	11,616
33 Bulk Housing Mhlontlo		1	Notice accounts	Yes	Fixed	4.4	0	0	30/06/2017	736	498	(498)	--	736
7 day interest plus		1	Notice accounts	Yes	Fixed	4.4	0	0	30/06/2017	10	--	--	--	10
First National Bank - Gqunu Lots 62020395390		1	Notice accounts	Yes	Fixed	4.25	0	0	30/06/2017	699	453	(453)	--	699
0		0	0	0	0	0	0	0	00 January 1900	--	--	--	--	--
0		0	0	0	0	0	0	0	00 January 1900	--	--	--	--	--
0		0	0	0	0	0	0	0	00 January 1900	--	--	--	--	--
Municipality sub-total										13,062		(8,810)	--	13,062
Entities														
0		0	0	0	0	0	0	0	00 January 1900	--	--	--	--	--
0		0	0	0	0	0	0	0	00 January 1900	--	--	--	--	--
0		0	0	0	0	0	0	0	00 January 1900	--	--	--	--	--
0		0	0	0	0	0	0	0	00 January 1900	--	--	--	--	--
0		0	0	0	0	0	0	0	00 January 1900	--	--	--	--	--
0		0	0	0	0	0	0	0	00 January 1900	--	--	--	--	--
0		0	0	0	0	0	0	0	00 January 1900	--	--	--	--	--
Entities sub-total										--	--	--	--	--
TOTAL INVESTMENTS AND INTEREST										13,062		(8,810)	--	13,062

22.5.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2011/12 medium-term capital programme:

Table 30 Sources of capital revenue over the MTREF

Funded by:														
National Government		20,554	41,457	46,792	52,699	60,641	60,641	--	49,341	52,111	55,186			
Provincial Government		--	--	--	--	--	--	--	--	--	--			
District Municipality		--	--	--	--	--	--	--	--	--	--			
Other transfers and grants		--	--	--	--	--	--	--	--	--	--			
Transfers recognised - capital	4	20,554	41,457	46,792	52,699	60,641	60,641	--	49,341	52,111	55,186			
Public contributions & donations	5	--	--	--	--	--	--	--	--	--	--			
Borrowing	6	--	--	--	--	--	--	--	--	--	--			
Internally generated funds		--	--	--	--	--	--	--	--	--	--			
Total Capital Funding	7	20,554	41,457	46,792	52,699	60,641	60,641	--	49,341	52,111	55,186			

The above table is graphically represented as follows for the 2016/17 financial year.

Capital grants and receipts equates to 100 per cent of the total funding source which represents R49.3 million for the 2016/17 financial year and steadily increase to R55.2 million.

Table 31 MBRR Table SA 18 - Capital transfers and grant receipts

Capital Transfers and Grants										
National Government:		34,376	33,290	52,712	37,636	37,636	37,636	40,828	44,382	46,675
Municipal Infrastructure Grant (MIG)		34,376	33,290	52,712	37,636	37,636	37,636	40,828	44,382	46,675
		--	--	--	--	--	--	--	--	--
		--	--	--	--	--	--	--	--	--
		--	--	--	--	--	--	--	--	--
EPWP Incentive		--	--	--	--	--	--	--	--	--

22.5.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 32 MBRR Table A7 - Budget cash flow statement

EC156 Mhlontlo - 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
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		5,345	7,181	5,065	7,831	8,458	8,458	-	7,675	9,814	11,514
Service charges		-	198	172	488	1,035	1,035	-	598	765	947
Other revenue		5,781	3,338	3,752	2,832	15,262	15,262	-	17,489	18,573	19,669
Government - operating	1	82,138	126,617	138,047	181,706	183,242	183,242	-	172,237	183,185	191,694
Government - capital	1	34,376	33,348	52,712	36,866	60,641	60,641	-	49,341	52,111	55,186
Interest		1,576	2,158	1,872	682	3,564	3,564	-	3,670	3,921	4,176
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(88,188)	(163,454)	(141,595)	(191,422)	(193,536)	(193,536)	-	(199,830)	(216,655)	(230,689)
Finance charges		-	(174)	(234)	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		41,027	9,211	59,792	38,984	78,667	78,667	-	51,180	51,714	52,498
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		157	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	6,944	6,944	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	6,944	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	1	3,000	(3,000)	(3,000)	-	-	-	-
Payments											
Capital assets		(20,113)	(41,977)	(46,792)	(46,715)	(60,641)	(60,641)	-	(49,341)	(52,111)	(55,186)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(19,957)	(41,977)	(46,790)	(36,771)	(56,697)	(56,697)	-	(49,341)	(52,111)	(55,186)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		21,070	(32,766)	13,002	2,213	21,970	21,970	-	1,839	(397)	(2,688)
Cash/cash equivalents at the year begin:	2	14,071	35,141	2,375	500	15,377	15,377	-	37,347	39,186	38,789
Cash/cash equivalents at the year end:	2	35,141	2,375	15,377	2,713	37,347	37,347	-	39,186	38,789	36,101

The table above shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. The approved 2015/16 MTREF was incorrectly calculated, where an opening cash balance of R 500 000 instead of R 15.4 million which then resulted in a reduced closing balance of R2.7 million instead of R 37.3 million at year end.

As part of the 2015/16 mid-year review and Adjustments Budget this misstated cash position had to be addressed as a matter of urgency. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Cash and cash equivalents totals R39.2 million as at the end of the 2016/17 financial year and reduces to R36.1 million by 2018/19.

22.5.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 33 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC156 Mhlontlo - Table A8 Cash backed reserves/accumulated surplus reconciliation

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 and investments available											
Cash/cash equivalents at the year end	1	35,141	2,375	15,377	2,713	37,347	37,347	-	39,186	38,789	36,101
Other current investments > 90 days		0	0	0	7,607	(27,028)	(27,028)	-	0	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	3,000	3,000	3,000
Cash and investments available:		35,141	2,375	15,377	10,320	10,320	10,320		42,186	41,789	39,101
Application of cash and investments											
Unspent conditional transfers		12,697	2,011	1,662	1,663	1,663	1,663	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	2,286	9,806	3,709	3,509	2,327	2,327	-	7,886	(3,375)	(8,877)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		14,983	11,817	5,371	5,172	3,990	3,990		7,886	(3,375)	(8,877)
Surplus(shortfall)		20,158	(9,442)	10,006	5,148	6,330	6,330		34,300	45,164	47,978

From the above table it can be seen that the cash and investments available total R42.2 million in the 2016/17 financial year and progressively decrease to R39.1 million by 2018/19, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the

end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.

22.5.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 34 MBRR SA10 – Funding compliance measurement

EC156 Mhlontlo Supporting Table SA10 Funding measurement

Description	MFMA section	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
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	35,141	2,375	15,377	2,713	37,347	37,347	-	39,186	38,789	36,101
Cash + investments at the yr end less applications - R'000	18(1)b	2	20,158	(9,442)	10,006	5,148	6,330	6,330	-	34,300	45,164	47,978
Cash year end/monthly employee/supplier payments	18(1)b	3	4.6	0.2	1.7	0.2	2.9	2.9	-	2.7	2.4	2.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	11,413	(6,664)	48,371	33,946	60,350	60,350	-	16,803	14,701	4,577
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	(1.6%)	12.0%	66.4%	(4.9%)	(6.0%)	(106.0%)	(5.6%)	0.2%	(5.3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	97.7%	87.4%	63.9%	56.9%	75.4%	75.4%	0.0%	74.5%	79.4%	84.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	12.6%	23.1%	22.5%	32.2%	31.8%	31.8%	0.0%	117.7%	117.7%	123.8%
Capital payments % of capital expenditure	18(1)c,19	8	97.9%	101.3%	100.0%	88.6%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(56.1%)	62.2%	9.7%	0.0%	0.0%	(100.0%)	33.8%	164.1%	24.4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	5.1%	0.8%	2.4%	2.3%	2.3%	0.0%	1.6%	1.5%	1.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

22.5.5.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 MTREF shows R39.2 million, R38.8 million and R36.1 million for each respective financial year.

22.5.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

22.5.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As part of the 2016/17 MTREF the municipalities improving cash position causes the ratio to move upwards to 2.7 and then reduces slightly to 2.4 and 2.1 for the outer years.

22.6 Expenditure on grants and reconciliations of unspent funds

Table 35 MBRR SA19 - Expenditure on transfers and grant programmes

EC156 Mhlontlo - Supporting Table SA19 Expenditure on transfers and grant programme

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
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		20,600	126,127	136,161	180,766	181,297	181,297	170,887	182,835	191,324
Local Government Equitable Share		5,916	110,595	127,895	159,404	159,404	159,404	154,313	161,607	167,789
Municipal Systems Improvement		-	890	934	930	930	930	-	-	-
Finance Management		1,131	1,650	1,800	1,875	1,875	1,875	2,010	2,345	2,600
EPWP Incentive		1,157	1,025	1,221	1,000	1,000	1,000	1,232	-	-
Integrated National Electrification Programme		12,396	11,967	4,311	13,000	13,531	13,531	12,500	18,000	20,000
Municipal Infrastructure Grant (MIG)- operating		-	-	-	4,557	4,557	4,557	832	883	935
Provincial Government:		-	233	170	170	170	170	1,350	350	370
Library & Subsidies		-	115	170	170	170	170	350	350	370
Vuna Award		-	60	-	-	-	-	-	-	-
Gqunu Lots		-	58	-	-	-	-	-	-	-
EPWP Incentive		-	-	-	-	-	-	1,000	-	-
LED		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		20,600	126,360	136,331	180,936	181,467	181,467	172,237	183,185	191,694
Capital expenditure of Transfers and Grants										
National Government:		34,376	33,290	52,712	37,636	37,636	37,636	40,828	44,382	46,675
Municipal Infrastructure Grant (MIG)		34,376	33,290	52,712	37,636	37,636	37,636	40,828	44,382	46,675
EPWP Incentive		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		34,376	33,290	52,712	37,636	37,636	37,636	40,828	44,382	46,675
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		54,976	159,650	189,043	218,572	219,103	219,103	213,065	227,567	238,369

Table 36 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**EC156 Mhlontlo - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds**

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
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		1,802	1,802	842	-	-	-	-	-	-
Current year receipts		124,135	125,160	134,050	180,766	180,766	180,766	170,887	182,835	191,324
Conditions met - transferred to revenue		125,937	126,962	134,892	180,766	180,766	180,766	170,887	182,835	191,324
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		1,112	1,112	1,054	-	-	-	-	-	-
Current year receipts		60	175	170	170	170	170	1,350	350	370
Conditions met - transferred to revenue		1,172	1,287	1,224	170	170	170	1,350	350	370
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue		127,109	128,249	136,116	180,936	180,936	180,936	172,237	183,185	191,694
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		9,706	9,706	37	-	-	-	-	-	-
Current year receipts		25,221	25,221	52,675	37,636	37,636	37,636	40,828	44,382	46,675
Conditions met - transferred to revenue		34,927	34,927	52,712	37,636	37,636	37,636	40,828	44,382	46,675
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue		34,927	34,927	52,712	37,636	37,636	37,636	40,828	44,382	46,675
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		162,036	163,176	188,828	218,572	218,572	218,572	213,065	227,567	238,369
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

22.7 Councillor and employee benefits

Table 37 MBRR SA22 - Summary of councillor and staff benefits

EC156 Mhlontlo - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	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		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		9,589	8,693	10,820	14,682	11,000	11,000	11,826	12,559	13,300
Pension and UIF Contributions		-	16	60	-	147	147	1	1	1
Medical Aid Contributions		69	89	68	-	-	-	-	-	-
Motor Vehicle Allowance		-	2,983	2,888	3,670	3,667	3,667	3,942	4,186	4,433
Cellphone Allowance		659	1,082	1,298	1,181	1,272	1,272	1,368	1,453	1,538
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		2,999	55	139	-	768	768	156	166	176
Sub Total - Councillors		13,316	12,918	15,273	19,533	16,854	16,854	17,293	18,365	19,448
% increase	4		(3.0%)	18.2%	27.9%	(13.7%)	-	2.6%	6.2%	5.9%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2,778	3,937	4,073	3,889	3,889	3,889	3,789	4,024	4,262
Pension and UIF Contributions		-	604	281	49	49	49	18	19	20
Medical Aid Contributions		482	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	556	803	892	1,507	1,507	1,507	1,507	1,600	1,695
Cellphone Allowance	3	-	125	14	-	-	-	-	-	-
Housing Allowances	3	107	66	243	773	773	773	773	821	869
Other benefits and allowances	3	94	186	-	-	-	-	130	138	147
Payments in lieu of leave		-	114	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		4,018	5,835	5,503	6,218	6,218	6,218	6,217	6,603	6,992
% increase	4		45.2%	(5.7%)	13.0%	-	-	(0.0%)	6.2%	5.9%
Other Municipal Staff										
Basic Salaries and Wages		24,249	28,604	36,129	39,155	42,619	42,619	44,937	46,826	48,206
Pension and UIF Contributions		4,140	4,117	5,030	7,000	7,204	7,204	7,784	8,473	9,289
Medical Aid Contributions		2,784	4,211	4,409	8,988	5,064	5,064	5,307	5,794	6,381
Overtime		1,544	2,063	2,273	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	5,118	4,471	5,276	6,535	6,388	6,388	7,096	7,887	8,893
Cellphone Allowance	3	-	554	647	869	883	883	951	1,048	1,168
Housing Allowances	3	1,736	2,037	2,004	2,328	2,487	2,487	2,732	2,942	3,178
Other benefits and allowances	3	6,875	4,468	3,686	5,197	8,397	8,397	7,861	8,451	9,109
Payments in lieu of leave		423	1,578	2,235	3,710	3,710	3,710	4,281	4,546	4,814
Long service awards		420	224	318	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		47,289	52,327	62,009	73,782	76,752	76,752	80,948	85,966	91,038
% increase	4		10.7%	18.5%	19.0%	4.0%	-	5.5%	6.2%	5.9%
Total Parent Municipality		64,623	71,080	82,784	99,533	99,824	99,824	104,458	110,934	117,479
			10.0%	16.5%	20.2%	0.3%	-	4.6%	6.2%	5.9%

Table 39 MBRR SA24 – Summary of personnel numbers

EC156 Mhlontlo - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		52	–	52	52	–	52	52	–	52
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	7	–	7	7	–	7	7	–	7
Other Managers	7	10	4	6	10	4	6	10	4	6
Professionals		42	37	5	42	37	5	42	37	5
<i>Finance</i>		5	–	5	5	–	5	5	–	5
<i>Spatial/town planning</i>		2	2	–	2	2	–	2	2	–
<i>Information Technology</i>		1	1	–	1	1	–	1	1	–
<i>Roads</i>		–	–	–	–	–	–	–	–	–
<i>Electricity</i>		–	–	–	–	–	–	–	–	–
<i>Water</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation</i>		–	–	–	–	–	–	–	–	–
<i>Refuse</i>		1	1	–	1	1	–	1	1	–
<i>Other</i>		33	33	–	33	33	–	33	33	–
Technicians		79	79	–	79	79	–	79	79	–
<i>Finance</i>		5	5	–	5	5	–	5	5	–
<i>Spatial/town planning</i>		1	1	–	1	1	–	1	1	–
<i>Information Technology</i>		–	–	–	–	–	–	–	–	–
<i>Roads</i>		4	4	–	4	4	–	4	4	–
<i>Electricity</i>		1	1	–	1	1	–	1	1	–
<i>Water</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation</i>		–	–	–	–	–	–	–	–	–
<i>Refuse</i>		28	28	–	28	28	–	28	28	–
<i>Other</i>		40	40	–	40	40	–	40	40	–
Clerks (Clerical and administrative)		35	30	5	35	30	5	35	30	5
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		20	20	–	20	20	–	20	20	–
Elementary Occupations		8	8	–	8	8	–	8	8	–
TOTAL PERSONNEL NUMBERS	9	253	178	75	253	178	75	253	178	75
% increase										
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

22.8 Monthly targets for revenue, expenditure and cash flow

Table 40 MBRR SA25 - Budgeted monthly revenue and expenditure

EC156 Mhlontlo - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue By Source																	
Property rates		15,663	-	-	-	-	-	-	-	-	-	-	-	15,663	16,634	16,687	
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue		102	102	102	102	102	102	102	102	102	102	102	1,220	1,296	1,372		
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		4	4	3	7	7	7	3	2	3	3	3	2	46	49	52	
Interest earned - external investments		285	321	214	535	535	535	249	143	214	196	196	143	3,564	3,785	4,008	
Interest earned - outstanding debtors		18	18	18	18	18	18	18	18	18	18	18	18	216	230	243	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines		5	6	4	10	10	10	5	3	4	4	4	3	67	71	76	
Licences and permits		121	136	91	228	229	228	106	60	91	83	83	60	1,516	1,610	1,705	
Agency services		66	74	50	124	124	124	58	33	50	45	45	33	826	877	929	
Transfers recognised - operational		67,139	1,843	12,500	-	51,808	-	-	370	38,578	-	-	(0)	172,237	183,185	191,694	
Other revenue		36	10,613	29	318	73	96	170	51	53	30	125	3,443	15,035	15,967	16,909	
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		83,438	13,117	13,009	1,341	52,904	1,118	711	780	39,112	480	576	3,804	210,389	223,703	233,674	
Expenditure By Type																	
Employee related costs		7,356	7,356	7,356	7,356	7,356	7,356	7,356	7,356	7,356	7,356	7,356	6,253	87,165	92,569	98,031	
Remuneration of councillors		1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	17,293	18,365	19,448	
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	19,876	19,876	21,108	22,354	
Depreciation & asset impairment		250	300	520	149	580	710	736	30	246	48	167	10,973	14,708	15,620	22,730	
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracted services		700	1,938	1,830	2,211	2,411	2,656	1,481	4,381	1,416	926	631	607	21,189	27,228	29,772	
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		15,104	5,770	5,918	6,527	5,947	7,975	6,985	4,781	4,658	3,559	3,864	3,094	74,183	78,493	83,437	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure		24,851	16,804	17,064	17,684	17,735	20,138	17,999	17,989	15,117	13,330	13,459	42,245	234,414	253,384	275,772	
Surplus/(Deficit)		58,587	(3,687)	(4,055)	(16,344)	35,169	(19,019)	(17,288)	(17,209)	23,995	(12,850)	(12,884)	(38,441)	(24,025)	(29,680)	(42,098)	
Transfers recognised - capital		24,143	-	-	13,580	-	-	-	-	3,105	-	-	0	40,828	44,382	46,675	
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		82,730	(3,687)	(4,055)	(2,764)	35,169	(19,019)	(17,288)	(17,209)	27,100	(12,850)	(12,884)	(38,441)	16,803	14,701	4,577	
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	82,730	(3,687)	(4,055)	(2,764)	35,169	(19,019)	(17,288)	(17,209)	27,100	(12,850)	(12,884)	(38,441)	16,803	14,701	4,577	

Table 41 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

EC156 Mhlontlo - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote																
Vote 1 - Mayors Office		1,503	-	-	1,000	-	-	-	-	512	-	-	70	3,085	3,276	3,469
Vote 2 - Council		15,522	-	-	9,677	-	-	-	-	4,956	-	-	600	30,755	32,662	34,589
Vote 3 - Municipal Managers Office		6,679	-	-	3,351	-	-	-	-	2,228	-	-	29	12,287	13,049	13,819
Vote 4 - Strategic Services		4,116	-	-	2,566	-	-	-	-	1,314	-	-	-	7,996	8,492	8,993
Vote 5 - Budget and Treasury Office		16,184	502	335	883	10,836	836	390	223	358	307	307	(154)	31,006	32,150	29,518
Vote 6 - Corporate Services		15,249	-	-	-	9,507	-	-	-	4,869	-	-	638	30,263	31,876	33,756
Vote 7 - Local Economic Development		11,332	1	0	7,065	3	2	1	-	3,610	0	-	(0)	22,013	23,378	24,757
Vote 8 - Community Services		19,015	372	293	804	10,932	1,839	455	268	6,278	284	380	761	41,681	44,243	46,853
Vote 9 - Infrastructure Planning and Development		14,165	15,137	7,169	1,264	8,542	2,324	2,802	4,637	4,614	3,419	3,838	4,221	72,131	78,958	84,555
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		103,766	16,012	7,797	26,610	39,820	5,002	3,648	5,128	28,741	4,009	4,524	6,163	251,218	268,085	280,310
Expenditure by Vote to be appropriated																
Vote 1 - Mayors Office		182	153	1,371	153	153	160	162	153	160	153	153	132	3,085	3,276	3,469
Vote 2 - Council		5,515	2,389	2,477	2,154	2,122	2,010	2,222	2,356	2,390	2,330	2,174	2,616	30,755	32,612	34,657
Vote 3 - Municipal Managers Office		2,783	2,015	966	1,176	499	1,017	1,109	934	561	556	634	487	12,737	13,527	14,325
Vote 4 - Strategic Services		656	485	449	1,484	850	667	615	974	451	338	467	680	8,115	8,352	9,109
Vote 5 - Budget and Treasury Office		5,756	1,981	1,944	2,062	2,632	5,768	3,539	1,352	2,406	2,274	1,962	22,446	54,121	57,477	60,868
Vote 6 - Corporate Services		3,296	3,138	2,249	3,037	2,563	2,426	2,557	2,297	2,263	2,225	2,232	22	28,306	30,086	31,861
Vote 7 - Local Economic Development		1,314	984	2,839	1,337	2,280	1,344	1,830	1,318	1,478	793	1,614	1,195	18,326	19,462	20,610
Vote 8 - Community Services		3,118	3,003	3,065	3,233	3,484	3,287	3,515	3,242	3,350	3,467	2,926	3,592	39,282	41,718	44,069
Vote 9 - Infrastructure Planning and Development		1,232	2,656	1,404	3,048	3,151	3,460	2,451	5,362	1,959	1,194	1,296	12,474	39,688	46,874	56,765
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		23,851	16,804	16,764	17,684	17,735	20,138	17,999	17,989	15,017	13,330	13,459	43,645	234,415	253,383	275,733
Surplus/(Deficit) before assoc.																
		79,914	(792)	(8,967)	8,925	22,085	(15,136)	(14,351)	(12,861)	13,724	(9,321)	(8,935)	(37,482)	16,803	14,701	4,577
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	79,914	(792)	(8,967)	8,925	22,085	(15,136)	(14,351)	(12,861)	13,724	(9,321)	(8,935)	(37,482)	16,803	14,701	4,577

Table 42 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

EC156 Mhlontlo - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue - Standard																	
Governance and administration		59,654	502	335	18,176	20,343	836	390	223	13,239	307	307	1,082	115,393	121,505	124,145	
Executive and council		28,221	-	-	17,293	-	-	-	-	8,011	-	-	599	54,124	57,479	60,870	
Budget and treasury office		16,184	502	335	883	10,836	836	390	223	358	307	307	(154)	31,006	32,150	29,518	
Corporate services		15,249	-	-	-	9,507	-	-	-	4,869	-	-	638	30,263	31,876	33,756	
Community and public safety		5,139	251	172	683	4,230	1,718	333	147	3,042	163	258	1,019	17,155	18,197	19,270	
Community and social services		-	-	-	-	-	-	-	-	-	-	-	974	974	1,035	1,096	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public safety		5,139	251	172	683	4,230	1,718	333	147	3,042	163	258	45	16,181	17,162	18,174	
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Economic and environmental services		25,497	15,138	7,169	8,329	8,545	2,326	2,803	4,637	8,224	3,419	3,838	4,220	94,144	102,336	109,312	
Planning and development		11,332	1	0	7,065	3	2	1	-	3,610	0	-	(0)	22,013	23,378	24,757	
Road transport		14,165	15,137	7,169	1,264	8,542	2,324	2,802	4,637	4,614	3,419	3,838	4,221	72,131	78,958	84,555	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trading services		9,876	121	121	121	6,202	121	121	121	3,236	121	121	4,242	24,526	26,046	27,583	
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste management		9,876	121	121	121	6,202	121	121	121	3,236	121	121	4,242	24,526	26,046	27,583	
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue - Standard		100,166	16,012	7,797	27,310	39,320	5,002	3,648	5,128	27,741	4,009	4,524	10,563	251,218	268,085	280,310	
Expenditure - Standard																	
Governance and administration		16,188	10,160	9,755	10,066	8,820	12,047	10,203	8,067	8,330	7,875	7,623	27,983	137,118	145,329	154,289	
Executive and council		9,136	5,042	5,263	4,967	3,624	3,853	4,107	4,418	3,561	3,377	3,429	3,915	54,692	57,767	61,560	
Budget and treasury office		5,756	1,981	1,944	2,062	2,632	5,768	3,539	1,352	2,406	2,274	1,962	22,446	54,121	57,477	60,868	
Corporate services		1,296	3,138	2,549	3,037	2,563	2,426	2,557	2,297	2,363	2,225	2,232	1,622	28,306	30,086	31,861	
Community and public safety		1,399	1,308	1,561	1,359	1,466	1,341	1,298	1,742	1,343	1,272	1,439	1,492	17,019	18,074	19,030	
Community and social services		-	-	-	-	-	-	-	-	-	-	-	857	857	910	964	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public safety		1,399	1,308	1,561	1,359	1,466	1,341	1,298	1,742	1,343	1,272	1,439	634	16,162	17,164	18,066	
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Economic and environmental services		2,545	3,640	4,244	4,385	5,431	4,804	4,281	6,680	3,437	1,987	2,910	13,670	58,014	66,336	77,376	
Planning and development		1,314	984	2,839	1,337	2,280	1,344	1,830	1,318	1,478	793	1,614	1,195	18,326	19,462	20,610	
Road transport		1,232	2,656	1,404	3,048	3,151	3,460	2,451	5,362	1,959	1,194	1,296	12,474	39,688	46,874	56,765	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trading services		1,519	1,495	1,504	1,574	1,518	1,545	1,517	1,500	1,507	1,495	1,487	5,601	22,263	23,643	25,038	
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste management		1,519	1,495	1,504	1,574	1,518	1,545	1,517	1,500	1,507	1,495	1,487	5,601	22,263	23,643	25,038	
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure - Standard		21,651	16,604	17,064	17,384	17,235	19,738	17,299	17,989	14,617	12,630	13,459	48,745	234,415	253,383	275,733	
Surplus/(Deficit) before assoc.		78,514	(592)	(9,267)	9,925	22,085	(14,736)	(13,651)	(12,861)	13,124	(8,621)	(8,935)	(38,182)	16,803	14,701	4,577	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	78,514	(592)	(9,267)	9,925	22,085	(14,736)	(13,651)	(12,861)	13,124	(8,621)	(8,935)	(38,182)	16,803	14,701	4,577	

Table 43 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC156 Mhlontlo - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated	1															
Vote 1 - Mayors Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Municipal Managers Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Local Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Infrastructure Planning and Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Mayors Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Municipal Managers Office		-	-	-	13	-	-	13	-	13	-	-	13	50	53	57
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	135	241	180	-	489	-	648	-	119	145	1,957	1,790	1,895
Vote 7 - Local Economic Development		112	526	740	210	1,129	210	679	56	84	246	77	56	4,125	4,381	4,639
Vote 8 - Community Services		-	-	739	900	739	-	-	-	-	-	-	2	2,380	2,528	2,677
Vote 9 - Infrastructure Planning and Development		3,382	5,202	6,812	3,909	1,685	1,966	2,442	2,540	2,928	3,064	3,483	3,415	40,828	43,360	45,918
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	3,494	5,728	8,426	5,272	3,733	2,176	3,623	2,596	3,673	3,309	3,679	3,632	49,341	52,111	55,186
Total Capital Expenditure	2	3,494	5,728	8,426	5,272	3,733	2,176	3,623	2,596	3,673	3,309	3,679	3,632	49,341	52,111	55,186

Table 44 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

EC156 Mhlontlo - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1															
Governance and administration		-	-	135	253	180	-	502	-	661	-	119	158	2,008	1,843	1,952
Executive and council		-	-	-	13	-	-	13	-	13	-	-	13	50	53	57
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	135	241	180	-	489	-	648	-	119	145	1,957	1,790	1,895
Community and public safety		-	-	-	-	117	-	-	-	-	-	-	-	117	124	132
Community and social services		-	-	-	-	117	-	-	-	-	-	-	-	117	124	132
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		3,494	5,728	7,552	4,119	2,814	2,176	3,121	2,596	3,012	3,309	3,560	3,471	44,953	47,740	50,557
Planning and development		112	526	740	210	1,129	210	679	56	84	246	77	56	4,125	4,381	4,639
Road transport		3,382	5,202	6,812	3,909	1,685	1,966	2,442	2,540	2,928	3,064	3,483	3,415	40,828	43,360	45,918
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		-	-	739	985	539	-	-	-	-	-	-	(0)	2,263	2,403	2,545
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	739	985	539	-	-	-	-	-	-	(0)	2,263	2,403	2,545
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	3,494	5,728	8,426	5,357	3,650	2,176	3,623	2,596	3,673	3,309	3,679	3,629	49,341	52,111	55,186
Funded by:																
National Government		3,494	5,728	8,426	5,357	3,650	2,176	3,623	2,596	3,673	3,309	3,679	3,629	49,341	52,111	55,186
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		3,494	5,728	8,426	5,357	3,650	2,176	3,623	2,596	3,673	3,309	3,679	3,629	49,341	52,111	55,186
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		3,494	5,728	8,426	5,357	3,650	2,176	3,623	2,596	3,673	3,309	3,679	3,629	49,341	52,111	55,186

Table 45 MBRR SA30 - Budgeted monthly cash flow

EC156 Mhlontlo - Supporting Table SA30 Budgeted monthly cash flow														Medium Term Revenue and Expenditure Framework		
MONTHLY CASH FLOWS	Budget Year 2016/17												Budget Year	Budget Year	Budget Year	
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	2016/17	+1 2017/18	+2 2018/19
Cash Receipts By Source														1		
Property rates	20	24	127	141	33	413	10	5	4,000	20	120	2,760	7,675	9,814	11,514	
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	64	89	14	25	10	20	14	10	80	10	7	255	598	765	947	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	4	4	3	7	7	7	3	2	3	3	3	2	46	49	52	
Interest earned - external investments	285	321	214	535	535	535	249	143	214	196	196	143	3,564	3,785	4,008	
Interest earned - outstanding debtors	9	9	9	9	9	9	9	9	9	9	9	9	106	136	168	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	5	6	4	10	10	10	5	3	4	4	4	3	67	71	76	
Licences and permits	121	136	91	228	229	228	106	60	91	83	83	60	1,516	1,610	1,705	
Agency services	66	74	50	124	124	124	58	33	50	45	45	33	826	877	929	
Transfer receipts - operational	67,139	1,843	12,500	-	51,808	-	-	370	38,578	-	-	-	(0)	172,237	183,185	191,694
Other revenue	1,036	10,613	29	1,318	73	96	170	1,151	53	30	125	343	15,035	15,967	16,909	
Cash Receipts by Source	68,749	13,119	13,039	2,396	52,837	1,440	624	1,784	43,081	399	592	3,608	201,669	216,258	228,001	
Other Cash Flows by Source																
Transfer receipts - capital	24,143	8,512	-	13,580	-	-	-	-	3,105	-	-	1	49,341	52,111	55,186	
Contributions recognised - capital & Contributed e	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source	92,892	21,631	13,039	15,976	52,837	1,440	624	1,784	46,186	399	592	3,609	251,009	268,369	283,186	
Cash Payments by Type																
Employee related costs	7,356	7,356	7,356	7,356	7,356	7,356	7,356	7,356	7,356	7,356	7,356	6,253	87,165	92,569	98,031	
Remuneration of councillors	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	17,293	18,365	19,448	
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracted services	700	1,938	1,830	2,211	2,411	2,656	1,481	4,381	1,416	926	631	607	21,189	27,228	29,772	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	15,104	5,770	5,918	6,527	5,947	7,975	6,985	4,781	4,658	3,559	3,864	3,094	74,183	78,493	83,437	
Cash Payments by Type	24,601	16,504	16,544	17,535	17,155	19,428	17,263	17,959	14,871	13,282	13,292	11,395	199,830	216,655	230,689	
Other Cash Flows/Payments by Type																
Capital assets	3,494	5,728	8,426	5,272	3,733	2,176	3,623	2,596	3,673	3,309	3,679	3,632	49,341	52,111	55,186	
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flow s/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	28,095	22,232	24,970	22,807	20,888	21,604	20,886	20,556	18,544	16,592	16,971	15,027	249,171	268,766	285,874	
NET INCREASE/(DECREASE) IN CASH HELD	64,796	(601)	(11,931)	(6,831)	31,949	(20,164)	(20,262)	(18,771)	27,642	(16,193)	(16,379)	(11,418)	1,839	(397)	(2,688)	
Cash/cash equivalents at the month/year begin:	37,347	102,144	101,543	89,612	82,781	114,730	94,566	74,304	55,533	83,176	66,983	50,604	37,347	39,186	38,783	
Cash/cash equivalents at the month/year end:	102,144	101,543	89,612	82,781	114,730	94,566	74,304	55,533	83,176	66,983	50,604	39,186	39,186	38,789	36,101	

22.9 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

22.10 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 46 MBRR SA 34a - Capital expenditure on new assets by asset class

EC156 Mhlontlo - Supporting Table SA34a Capital expenditure on new assets 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									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		17,423	31,693	37,672	42,850	32,809	32,809	23,817	25,294	26,786
Infrastructure - Road transport		17,423	31,670	37,090	42,850	32,809	32,809	18,881	20,051	21,234
Roads, Pavements & Bridges		17,423	31,670	37,090	42,850	32,809	32,809	18,881	20,051	21,234
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	582	-	-	-	4,937	5,243	5,552
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	582	-	-	-	4,937	5,243	5,552
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	23	-	-	-	-	-	-	-
Waste Management		-	23	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		2,105	645	9,035	2,700	14,239	14,239	15,838	16,820	17,813
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	12,239	12,239	15,627	16,596	17,575
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		1,898	645	9,035	2,700	1,650	1,650	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	350	350	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other	8	207	-	-	-	-	-	212	225	238
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		586	9,457	42	7,149	13,593	13,593	9,209	9,996	10,586
General vehicles		463	7,628	-	5,100	5,555	5,555	2,051	2,178	2,307
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		10	52	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	450	450	-	-	-
Furniture and other office equipment		8	1,473	34	1,199	598	598	632	888	941
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		60	331	-	650	6,790	6,790	2,400	2,549	2,700
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		45	(26)	9	200	200	200	4,125	4,381	4,639
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		441	-	-	-	-	-	476	-	-
Computers - software & programming		441	-	-	-	-	-	476	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	20,554	41,796	46,749	52,699	60,641	60,641	49,341	52,111	55,186
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

Table 47 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

EC156 Mhlontlo - Supporting Table SA34b Capital expenditure on the renewal of existing assets 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									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	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		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 48 MBRR SA34c - Repairs and maintenance expenditure by asset class

EC156 Mhlontlo - 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
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure			2,966	3	3,021	3,021	3,021	1,322	1,404	1,487
Infrastructure - Road transport			996		2,150	2,150	2,150	560	595	630
Roads, Pavements & Bridges			996		2,150	2,150	2,150	560	595	630
Storm water										
Infrastructure - Electricity			1,771	3	721	721	721	762	810	857
Generation										
Transmission & Reticulation										
Street Lighting			1,771	3	721	721	721	762	810	857
Infrastructure - Water										
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation										
Reticulation										
Sewerage purification										
Infrastructure - Other			199		150	150	150			
Waste Management			199		150	150	150			
Transportation										
Gas										
Other										
Community			6					159	169	178
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries			6							
Social rental housing										
Other								159	169	178
Heritage assets										
Buildings										
Other										
Investment properties										
Housing development										
Other										
Other assets			3,106	1,114	1,557	1,768	1,768	2,588	2,698	2,907
General vehicles			554	439	527	490	490	545	529	610
Specialised vehicles										
Plant & equipment			450	503	414	414	414	559	593	628
Computers - hardware/equipment				6		44	44			
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings			2,101	109	515	665	665	1,000	1,062	1,125
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			1	56	100	155	155	484	514	544
Agricultural assets										
List sub-class										
Biological assets										
List sub-class										
Intangibles			455	89						
Computers - software & programming			455	89						
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1		6,534	1,205	4,577	4,788	4,788	4,069	4,271	4,573
Specialised vehicles										
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		0.0%	5.1%	0.8%	2.4%	2.3%	2.3%	1.6%	1.5%	1.4%
R&M as % Operating Expenditure		0.0%	3.6%	0.8%	2.2%	2.4%	2.4%	1.7%	1.7%	1.7%

Table 49 MBRR SA36 - Detailed capital budget per municipal vote

EC156 Mhlontlo - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
Vote 3 - MUNICIPAL MANAGER'S OFFICE		Purchase of furniture and equipment			Yes	Other Assets	Furniture and other office equipment	3109'54"S 2852'18"E				50	53	57	15	New
Vote 6 - CORPORATE SERVICES		Purchase of furniture and equipment			Yes	Other Assets	Furniture and other office equipment	3109'54"S 2852'18"E				582	618	654	15	New
Vote 6 - CORPORATE SERVICES		Upgrade of IT infrastructure			Yes	Other Assets	Computers - hardware/equipment	3109'54"S 2852'18"E				476	506	535	15	New
Vote 6 - CORPORATE SERVICES		Construction of buildings			Yes	Other Assets	Other Buildings	3109'54"S 2852'18"E				899	955	1,011	15	New
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		purchase of 26 modular market stalls			Yes	Community	Other	3109'54"S 2852'18"E				1,125	1,195	1,265	15	New
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		Maize inputs			Yes	Community	Other	3109'54"S 2852'18"E				1,400	1,487	1,575	15	New
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		Purchase of furniture and other office equipment			Yes	Other Assets	Furniture and other office equipment	3109'54"S 2852'18"E				1,500	1,593	1,687	15	New
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		Fencing of King Mhlontlo grave			Yes	Heritage Assets	Other	3109'54"S 2852'18"E				100	106	112	15	New
Vote 8 - COMMUNITY SERVICES		Construction of buildings			Yes	Other Assets	Other Buildings	3109'54"S 2852'18"E				117	124	132	15	New
Vote 8 - COMMUNITY SERVICES		Installation of refuse Bins			Yes	Infrastructure - Other	Waste Management	3109'54"S 2852'18"E				212	225	238	15	New
Vote 8 - COMMUNITY SERVICES		Purchase of v ehicles			Yes	Other Assets	General vehicles	3109'54"S 2852'18"E				2,051	2,178	2,307	15	New
Vote 9 - INFRASTRUCTURE, PLANNING&		Construction of sportsfields			Yes	Community	Sportsfields & stadia	3110'36"S 2852'32"E				15,627	16,596	17,575	6	New
Vote 9 - INFRASTRUCTURE, PLANNING&		Construction of roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	3114'24"S 2842'46"E				18,881	20,051	21,234	15	New
Vote 9 - INFRASTRUCTURE, PLANNING&		Construction of buildings			Yes	Other Assets	Other Buildings	3109'54"S 2852'18"E				1,384	1,470	1,556	15	New
Vote 9 - INFRASTRUCTURE, PLANNING&		Installation street lights			Yes	Infrastructure - Electricity	Street Lighting	3118'29"S 2845'34"E				4,937	5,243	5,552	15	New
Parent Capital expenditure	1											49,341	52,400	55,491		

22.11 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 Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's 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.
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 is at a draft stage and will be finalised after approval of the budget.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. Policies
The municipalities' policies budget related policies were looked into and no changes were proposed except for Supply chain management policy.

22.12 Other supporting documents

Table 50 MBRR Table SA1 - Supporting detail to budgeted financial performance

EC156 Mhlontlo - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6	7,270	9,990	9,078	15,663	15,663	15,663		24,573	26,084	26,812
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	2,382	-	-	-	-	-	8,910	9,450	10,125
Net Property Rates		7,270	7,608	9,078	15,663	15,663	15,663	-	15,663	16,634	16,687
Service charges - electricity revenue											
Total Service charges - electricity revenue	6										
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)											
Net Service charges - electricity revenue											
Service charges - water revenue											
Total Service charges - water revenue	6										
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)											
Net Service charges - water revenue											
Service charges - sanitation revenue											
Total Service charges - sanitation revenue	6										
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)											
Net Service charges - sanitation revenue											
Service charges - refuse revenue											
Total refuse removal revenue	6	566	568	573	976	1,153	1,153		1,220	1,296	1,372
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)											
Net Service charges - refuse revenue		566	568	573	976	1,153	1,153		1,220	1,296	1,372
Other Revenue by source											
Other Income		2,219	1,137	1,460	356	1,863	1,863				
Sundries											
Valuation Copy						1	1		1	1	1
clearance certificate						1	1		1	1	1
Tsitsa Lodge Rentals						1	1		1	1	1
Cemetery Fee - Burials						18	18		19	20	21
Pound Fees						199	199		211	224	237
Pound Sales						722	722		764	811	859
Tender Fees						145	145		17	19	20
LG Seta											
Operating Reserves						10,000	10,000		14,022	14,891	15,770
Building plan fees	3					1	1		1	1	1
Total 'Other' Revenue	1	2,219	1,137	1,460	356	12,949	12,949		15,035	15,967	16,909

Table 50 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

Table 51 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC156 Mhlontlo - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Mayors Office	Vote 2 - Council	Vote 3 - Municipal Managers Office	Vote 4 - Strategic Services	Vote 5 - Budget and Treasury Office	Vote 6 - Corporate Services	Vote 7 - Local Economic Development	Vote 8 - Community Services	Vote 9 - Infrastructur e Planning and	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand																	
Revenue By Source																	
Property rates	1	-	-	-	-	15,663	-	-	-	-	-	-	-	-	-	-	15,663
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	1,220	-	-	-	-	-	-	-	1,220
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	46	-	-	-	-	-	-	-	46
Interest earned - external investments		-	-	-	-	3,564	-	-	-	-	-	-	-	-	-	-	3,564
Interest earned - outstanding debtors		-	-	-	-	-	-	-	216	-	-	-	-	-	-	-	216
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	-	-	-	3,443	-	8	3,394	10,597	-	-	-	-	-	-	17,443
Transfers recognised - operational		3,085	30,755	12,287	7,996	8,337	30,263	22,004	36,804	20,706	-	-	-	-	-	-	172,237
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		3,085	30,755	12,287	7,996	31,006	30,263	22,013	41,681	31,303	-	-	-	-	-	-	210,389
Expenditure By Type																	
Employee related costs		1,729	-	4,003	3,678	13,062	17,942	8,016	25,824	12,912	-	-	-	-	-	-	87,165
Remuneration of councillors		-	17,293	-	-	-	-	-	-	-	-	-	-	-	-	-	17,293
Debt impairment		-	-	-	-	19,876	-	-	-	-	-	-	-	-	-	-	19,876
Depreciation & asset impairment		-	-	-	-	2,500	340	557	339	10,973	-	-	-	-	-	-	14,708
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	1,574	3,710	3,405	12,500	-	-	-	-	-	-	21,189
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		1,356	13,462	8,734	4,437	18,683	8,449	6,044	9,715	3,303	-	-	-	-	-	-	74,184
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		3,085	30,755	12,737	8,115	54,121	28,306	18,326	39,282	39,688	-	-	-	-	-	-	234,415
Surplus/(Deficit)																	
Transfers recognised - capital		-	-	-	-	-	-	-	-	40,828	-	-	-	-	-	-	40,828
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(0)	(0)	(450)	(118)	(23,115)	1,957	3,687	2,399	32,443	-	-	-	-	-	-	16,803

Table 52 MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC156 Mhlontlo - Supporting Table SA3 Supporting detail to '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
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		-	2,361	10,062	7,607	7,607	7,607	-	10,062	10,062	10,062
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Total Call investment deposits	2	-	2,361	10,062	7,607	7,607	7,607	-	10,062	10,062	10,062
Consumer debtors											
Consumer debtors		-	2,349	2,628	6,021	6,021	6,021	-	19,435	19,454	24,979
Less: Provision for debt impairment		-	-	-	-	-	-	-	(14,071)	-	-
Total Consumer debtors	2	-	2,349	2,628	6,021	6,021	6,021	-	5,365	19,454	24,979
Debt impairment provision											
Balance at the beginning of the year		-	-	-	-	-	-	-	5,350	-	-
Contributions to the provision		-	-	-	-	-	-	-	8,721	-	-
Bad debts written off		-	-	-	-	-	-	-	-	-	-
Balance at end of year		-	-	-	-	-	-	-	14,071	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (ex cl. finance leases)		104,693	127,410	159,199	297,030	304,972	304,972	-	362,524	414,635	469,820
Leases recognised as PPE	3	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		-	-	-	103,130	96,876	96,876	-	111,584	127,205	149,934
Total Property, plant and equipment (PPE)	2	104,693	127,410	159,199	193,900	208,096	208,096	-	250,939	287,430	319,886
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		-	-	-	-	-	-	-	-	-	-
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors		10,298	12,283	7,447	7,163	7,163	7,163	-	9,109	9,109	9,109
Unspent conditional transfers		12,697	2,011	1,662	1,663	1,663	1,663	-	-	-	-
VAT		-	-	-	-	-	-	-	-	-	-
Total Trade and other payables	2	22,995	14,294	9,109	8,826	8,826	8,826	-	9,109	9,109	9,109
Non current liabilities - Borrowing											
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Finance leases (including PPP asset element)		-	-	-	-	-	-	-	-	-	-
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits		-	-	-	-	-	-	-	-	-	-
List other major provision items		-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		5,032	4,734	5,185	-	-	-	-	5,185	5,185	5,185
Other		-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current		5,032	4,734	5,185	-	-	-	-	5,185	5,185	5,185
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		131,151	151,313	144,648	226,768	234,710	234,710	-	322,788	342,843	388,260
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		131,151	151,313	144,648	226,768	234,710	234,710	-	322,788	342,843	388,260
Surplus/(Deficit)		11,413	(6,664)	48,371	33,946	54,096	54,096	-	16,803	14,701	4,577
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	6,254	6,254	-	-	-	-
Other adjustments		-	-	-	(33,946)	(54,096)	(54,096)	-	(32,230)	-	-
Accumulated Surplus/(Deficit)	1	142,564	144,648	193,019	226,768	240,964	240,964	-	307,361	357,544	392,837
Reserves											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	142,564	144,648	193,019	226,768	240,964	240,964	-	307,361	357,544	392,837

Table 53 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

EC156 Mhlontlo - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population				237	237	237	237	237	237	237	237	237
Females aged 5 - 14				33	33	33	33	33	33	33	33	33
Males aged 5 - 14				35	35	35	35	35	35	35	35	35
Females aged 15 - 34				38	38	38	38	38	38	38	38	38
Males aged 15 - 34				37	37	37	37	37	37	37	37	37
Unemployment				14	14	14	14	14	14	14	14	14
Monthly household income (no. of households)												
No income	1, 12			36,282	36,282	36,282	36,282	36,282	36,282	36,282	36,282	36,282
R1 - R1 600												
R1 601 - R3 200				16,362	16,362	16,362	16,362	16,362	16,362	16,362	16,362	16,362
R3 201 - R6 400												
R6 401 - R12 800				31,776	31,776	31,776	31,776	31,776	31,776	31,776	31,776	31,776
R12 801 - R25 600				63,790	63,790	63,790	63,790	63,790	63,790	63,790	63,790	63,790
R25 601 - R51 200				53,830	53,830	53,830	53,830	53,830	53,830	53,830	53,830	53,830
R52 201 - R102 400				17,074	17,074	17,074	17,074	17,074	17,074	17,074	17,074	17,074
R102 401 - R204 800				9,248	9,248	9,248	9,248	9,248	9,248	9,248	9,248	9,248
R204 801 - R409 600				5,691	5,691	5,691	5,691	5,691	5,691	5,691	5,691	5,691
R409 601 - R819 200				2,134	2,134	2,134	2,134	2,134	2,134	2,134	2,134	2,134
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13			26,895	26,895	26895.00	26895.00	26895.00	26895.00	26895.00	26895.00	26895.00
Insert description	2			8,429	8,429	8428.70	8428.70	8428.70	8428.70	8428.70	8428.70	8428.70
Household/demographics (000)												
Number of people in municipal area				237,136	237,136	237	237	237	237	237	237	237
Number of poor people in municipal area				151,110	151,110	151	151	151	151	151	151	151
Number of households in municipal area				44,455	44,455	44	44	44	44	44	44	44
Number of poor households in municipal area												
Definition of poor household (R per month)				500	500	500	500	500	500	500	500	500
Housing statistics												
Formal	3			15,159	15,159	15,159	15,159	15,159	15,159	15,159	15,159	15,159
Informal				29,296	29,296	29,296	29,296	29,296	29,296	29,296	29,296	29,296
Total number of households												
Dwellings provided by municipality	4			44,455	44,455	44,455	44,455	44,455	44,455	44,455	44,455	44,455
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												
Economic												
Inflation/inflation outlook (CPIX)	6									6.6%	6.2%	5.9%
Interest rate - borrowing										10.5%	10.8%	9.0%
Interest rate - investment										6.6%	6.6%	6.6%
Remuneration increases										7.0%	7.2%	6.9%
Consumption growth (electricity)										0.0%	0.0%	0.0%
Consumption growth (water)										0.0%	0.0%	0.0%
Collection rates												
Property tax/service charges	7									49.0%	59.0%	69.0%
Rental of facilities & equipment										100.0%	100.0%	100.0%
Interest - external investments										100.0%	100.0%	100.0%
Interest - debtors										49.0%	59.0%	69.0%
Revenue from agency services										100.0%	100.0%	100.0%

Table 54 MBRR SA32 – List of external mechanisms**EC156 Mhlontlo - Supporting Table SA32 List of external mechanisms**

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Madolo Security & cleaning services			Provision for Security Services (Qumbu town)		2,427
Kopoyi Security Company			Provision for Security Services (Tsolo town)		1,694
Maritime Motors Pty Ltd			Car for the Office of the Speaker		800
Noratec Consulting Engineers			Design and project management of Qumbu Highmast Lights		650
Mothapo Consulting engineers			Completion of Amacwerha phase 2 turnkey electrification project		8,039
Azishe construction & Projects JV Siyabavuma projects			Construction of Gungwana access road		5,300
Ximbi Ncolo attorneys			Retrieval of Mhlontlo Title deeds		187
S Vena and associates			Tsolo extension 7 pegging 200 sites		130
Sotic construction & other projects			Supply and delivery of Cleaning Material		67
Amazotshonke Trading Enterprise			Supply and delivery of 150 000 refuse bags		112
Ndalo civils and plant hire			Surveying in Tsolo Town		183
Majingi Land Surveyors			Surveying in Qumbu town		184
Ujizo projects Pty Ltd			Land use survey Tsolo ERF 42 urban areas		195
Siyathuthu development cc			Land use survey Qumbu ERF 42 urban areas		187
S & B electrical aircon and refrigeration			Maintenance of Qumbu highmast lights		172
Zama-wawa construction & Projects			Maintenance of Tsolo highmast lights		128
Mzuya construction Pty Ltd			purchase of Video camera		36
Lymmyl technologies			Supply and delivery of stationery		440
Cwayita Liliitha Trading Enterprise			EPWP Groceries		1,691
Masilakhe Consulting			Design, contract administration & supervision for Tsolo streets surfacing project		3,480

22.13 Municipal manager’s quality certificate

I, municipal manager of Mhlontlo Local Municipality, 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 Mhlontlo local Municipality (EC 156)

Signature _____

Date _____