

VHEMBE DISTRICT MUNICIPALITY
DC 34



ANNUAL BUDGET

2016/17 – 2018/19

ANNUAL BUDGET OF
VHEMBE DISTRICT MUNICIPALITY

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

Copies of this document can be viewed:

- **At the Records section in the District municipal building**
- **At the head public at local municipalities within the District**
At: www.vhembe.gov.za

1. Table of Content

No.	Description	Page No
1	Table of Content	3
2	Mayoral Budget Speech	4
3	Budget Related Resolutions	5
4	The Budget	6
4.1	Executive Summary	6
4.2	Operating Revenue Framework	10
4.3	Operating Expenditure Framework	14
5	Supporting Documents	17
5.1	Budget Process Overview (Including Consultation Process and Outcomes)	17
5.2	Alignment of Budget with IDP	17
5.3	Budget Related Policies Overview and Amendments	21
5.4	Budget Assumptions	25
5.5	Funding the Budget (Including Fiscal Overview and Source of funding)	25
5.6	Disclosure on Allocations Made by the Municipality	25
5.7	Disclosure on Salaries, Allowances and Benefits.	26
5.8	Monthly Cash Flow By Source	26
5.9	Measurable Performance Objectives (Revenue Source and Vote)	26
5.10	Disclosure on Implementation of MFMA and Other Legislation	26
5.11	Summary of Budgets and SDBIP (Departmental Functions)	28
5.12	Summary of Detail Capital Plan	29
5.13	Budget Financial Statements	29



2. MAYOR'S REPORT

Council report presented by His Worship the Executive Mayor of Vhembe District Cllr Matibe TB during Council meeting held on Monday 30th of May 2016

Speaker, Councillor Fungheni M.C

Chief Whip, Councillor Dali TS

Members of the Mayoral Committee and all Councillors

Chairperson of Vhembe Local House of Traditional Leaders Hosi Nxumalo

Mahosi / Tihosi

Administration under the Leadership of the Acting Municipal Manager Mr Ngoepe N

Representatives of various Media Houses

Distinguished community members in the gallery,

Our council sitting is taking place at the time when all Africans are celebrating the birth of the Organisation of African Unity which is now known as African Union. It is pleasing and encouraging to note that the 53rd celebration of African union is done in a peaceful environment.

African Union has managed to resolve most of the conflicts and wars that used to prevent development in Africa. Today, Africa is one of the fastest growing economy in the world. 90% of the African countries hold elections regularly in terms of their respective constitutions. African Union main task is to bring peace in Libya, Burundi and Mozambique where civil war is causing unnecessary destruction of the economy and social life.

Acting Speaker

It is important to us as members of this house and leaders of our communities to sensitise members of our communities about the importance of African Development Agenda.

The geographical location of our district positioned us to play a very significant role in advancing the goals and the ideals of the African Union. Vhembe is the entry and the exit point to most African countries.

Acting Speaker

Our council sitting is taking place at the time when there is instability at Vuwani and surrounding areas. 25 schools, numerous government and private properties were burned, as result schooling and business operations were also seriously disrupted.

In deed it is encouraging to note that both National and Provincial Governments are working closely with us to restore the stability while the main issue triggered the whole situation is being addressed at the relevant forum.

Government has appointed the mediation committee with the aim of creating a conducive environment to all stakeholders. The mediation panel will also deal with issue of social cohesion. During the protests of both Vuwani and Malamulele tendencies of tribalism were seen to be influencing some decisions.

Working together with the mediation panel and all stakeholders we must stand tall and defeat these unruly tendencies. 104 years since the formation of our glorious movement the ANC, we cannot afford as a nation to be undermined by these forces.

In 1912 the General Secretary of the ANC Pixkey Ka Seme denounces the demon of tribalism and today we cannot be drawn back. Verwoerd ideology of separate development has no place in our district and we will deploy all resources to defeat it.

Acting speaker

National Government has adopted the National Development Plan as a strategic document for the next 20 years .The plan is a blue print and guiding document to all spheres of government and state entities.

The central objective of the National Development Plan is to alleviate the triple challenges facing our communities which are poverty, inequality and underdevelopment. The President also recommits the government to continue implementing the plan.

As a district we have align all our plans with the strategic objectives of the National Development Plan and Back to basics approach, our obligation now is to go out and begin to sensitise members of communities, particularly Ward Committees, Traditional councils and all community based organisations about the programmes contained in the National Development Plan and back to basics approach.

National Development Plan is our bible we must know it and understand its objectives if we want to be part of South Africans who are committed to move South Africa forward.

Acting Speaker

In our March council meeting this house has adopted a draft budget. A resolution was taken to ensure that this council move around with our local municipalities to ensure that our communities contribute to the finalization of budget. In all our public engagements water related issues were raised sharply. Our communities have spoken and the mandate is clear.

In terms of Municipal Finance Management Act No.56 of 2003 section 16(1), council of the municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

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

The district'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 non-core and 'nice to have' items as indicated in MFMA circular 55, 66, 67,70,72,74 and 75. Key areas where savings were realized were on operational administrative expenditure.

Acting Speaker

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

- The on-going difficulties in the national and local economy;
- Ageing of water and Sanitation Infrastructure network;
- The need to reprioritise projects and expenditure within the existing resource given the cash flow realities;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of 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;
- The draft budget for 2016/17 and MTREF was prepared on a Zero Base principle
- Annual DORA Bill for 2016 that was issued during February 2016 was considered in preparation of 2016/17 to 2018/19 draft annual Budget
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- A reduction has been proposed in the following line items in terms of Instruction number one on cost containment measures as issued by parliament,
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;

- Special Events;
- Refreshments and entertainment;
- Ad-hoc travelling; and
- Subsistence, Travelling & Conference fees (national & international)

Acting Speaker

The 2016/17 revenue allocation has decrease by 5.2% from R1, 532,649,439.50 allocated for 2015/16 financial year to R1, 540,656,052.30. Revenue is derived from grants and subsidies received from both Provincial and National spheres of government as gazetted in the bill of Division of Revenue Act, herein referred to as the bill DORA. Revenue is also derived from municipal own funding received through interest earned on investments, sale of tender documents, rental of property and water sales.

Total capital budget is R719 503 017.00 which represents 49% of the total budget of which R693 137 000.00 which represents 96.4% is allocated to water projects.

It is important to me to indicate that more than 90% of the total budget derived from National government grants. Last year during the adoption of the budget we resolved that this council should find ways and means of generating own revenue. Finance department was tasked to conduct research and investigation on how to generate own revenue.

Findings of the research have clearly indicated that this council must strengthen its capacity to generate revenue through the sale of water. Water sales are critical in revenue generation. Vhembe District Municipality is experiencing challenges with data that is not accurate, debt collection and weak credit control. There is also non-payment by consumers due to poor indigent management, poor meter reading, inaccurate billing and water losses due to meter tempering and illegal connection in some areas where water is available.

During the council sitting on 27th May 2015, I presented a report on challenges facing the municipality regarding revenue generation. I further indicated that council has to strengthen its revenue generation capacity.

Today I am here again to present the outcomes of the research conducted by finance Portfolio committee and Technical services. Recommendations are as follows:-

- The revenue based programmes with the view to explore even partnerships be implemented.

- The model from the district that has been bench-marked be implemented on revenue linked programme. The programme does not require municipal budget as it is self-funding.
- The programme to start rolling on the 01st July 2016 with a plan to install 25 000 units smart pre-paid, conventional meters for both domestic and business consumption.
- That the impact of the programme to be reviewed each year.
- CFO, Revenue and credit control managers to lead the programme of action and account on the progress made to Portfolio head and Portfolio Committee, Technical department to give support.
- The programme to be MSCOA complaint.
- To encourage communities to pay for their services, a roaster must be developed to visit communities for pay points renewal.
- The programme to be communicated to all traditional leaders and ward councillors with specifications (date, time, and venue) and the plan be implemented by 15th June 2016.

In the next 14 days, I will expect the administration to present the progress report regarding the implementation of the plan.

All of us we must work very hard to ensure we strengthened the capacity of this council to generate revenue. I therefore submit the following items for consideration.

In conclusion it is with great sadness to announce to this council the passing away of Mr Mmereggi attached to technical services department. Mr Mmereggi was one of SAMWU shop steward. Sadly I was with him on Friday during my engagement with the leadership of SAMWU on matters and benefits of transferred staff from Department of water and sanitation. On behalf of this council I would like to pass condolences to his family and SAMWU.

Vhembe business forum has also suffered a great loss of well-known business man Mr Lukoto Nehemiah. He was one of the business pioneers in the history of transport industry in our district. May their soul rest in peace.

I thank you

3. RESOLUTIONS

On 31 March 2015 the Council of Vhembe District Municipality meets at Vhembe Council Chamber to consider the annual draft budget of the municipality for the financial year 2015/16 to 2017/18. The Council approved and adopted the draft budget for public consultation in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003)

- 3.1. The annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
- 3.2. Budgeted Financial Performance (revenue and expenditure by standard classification);
- 3.3. Budgeted Financial Performance (revenue and expenditure by municipal vote);
- 3.4. Budgeted Financial Performance (revenue by source and expenditure by type); and
- 3.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
- 3.6. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
- 3.7. Budgeted Financial Position as contained in Table 23.
- 3.8. Budgeted Cash Flows as contained in Table 24;
- 3.9. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25.
- 3.10. Asset management as contained in Table 26 and
- 3.11. Basic service delivery measurement as contained in Table 27.

That Council of Vhembe District Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016: the tariffs for the supply of water – Annexures

4. BUDGET

4.1 EXECUTIVE SUMMARY

In terms of the Municipal Finance Management Act No.56 of 2003 section 16(1), the council of the municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. It is the requirement in terms of section 16(2) that at least 90 days before the start of the financial year, the Mayor of the municipality must table in council meeting the annual budget before the start of the financial year

In order for the Municipality to comply with the provision of the section 21(b) the Mayor of Vhembe District Municipality has tabled in a council held during August 2015 tabled a Budget and IDP process Plan indicating the key deadlines to be adhered to in preparing the Budget as well as the IDP of the Municipality.

In order for the Municipality to comply with IDP and Budget Process Plan as adopted by the council as well as to further comply with the requirement in terms of chapter 4, Draft Annual Budget for 2016/2017 and the MTREF is hereby prepared in terms of the budget Principles, MFMA Circulars, Municipal Budget and Reporting Regulation and supporting documents as detailed now.

Budget Principles and Assumptions

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

The District'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 non-core and 'nice to have' items as indicated in MFMA

circular 55, 66, 67,70,72,74 and 75 . Key areas where savings were realized were on operational administrative expenditure.

The District 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. 51, 54, 55, 58, 70, 72,74,75 and 78 were used to guide the compilation of 2016/17 to 2018/19 MTREF.

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

- The on-going difficulties in the national and local economy;
- Ageing of water and Sanitation Infrastructure network;
- The need to reprioritise projects and expenditure within the existing resource given the cash flow realities;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of 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;
- The draft budget for 2016/17 and the MTREF was prepared on a Zero Base principle
- Annual DORA Bill for 2016 that was issued during February 2016 was considered in the preparation of 2016/17 to 2018/19 draft annual Budget
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- A reduction has been proposed in the following line items in terms of Instruction number one on cost containment measures as issued by parliament,
 - Special Projects;

- Consultant Fees;
- Furniture and office equipment;
- Special Events;
- Refreshments and entertainment;
- Ad-hoc travelling; and
- Subsistence, Travelling & Conference fees (national & international)

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

Table1 Consolidated Overview of 2016/17 MTREF

DC34 Vhembe - Table A1 Consolidated 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	-	-	-	-	-	-	-	-	-	-
Service charges	41 339	79 147	87 145	123 912	61 504	61 504	43 987	92 749	99 249	106 204
Investment revenue	6 200	8 439	11 664	11 507	11 507	11 507	11 527	15 761	16 706	17 709
Transfers recognised - operational	606 806	608 117	589 931	760 033	760 033	760 033	760 033	751 753	835 180	916 217
Other own revenue	154 786	70 590	4 155	6 268	6 268	6 268	14 984	800	846	896
Total Revenue (excluding capital transfers and contributions)	809 131	766 293	692 895	901 721	839 313	839 313	830 531	861 063	951 982	1 041 025
Employee costs	165 904	398 230	395 227	458 724	417 926	417 926	265 041	465 117	502 156	532 086
Remuneration of councillors	9 335	9 546	12 399	13 182	11 034	11 034	11 034	10 313	11 035	11 675
Depreciation & asset impairment	72 902	65 000	76 000	72 000	108 720	108 720	81 839	31 770	27 336	43 190
Finance charges	233	1 713	1 068	499	212	212	299	289	306	324
Materials and bulk purchases	51 989	69 920	162 535	97 456	144 957	144 957	143 427	34 905	36 930	39 072
Transfers and grants	3 592	1 850	11 408	4 114	4 114	4 114	3 124	4 353	4 367	4 606
Other expenditure	119 727	194 140	255 810	192 564	182 444	182 444	179 717	242 820	216 391	223 917
Total Expenditure	423 682	740 399	914 446	838 539	869 408	869 408	684 481	789 568	798 521	854 871
Surplus/(Deficit)	385 449	25 894	(221 551)	63 182	(30 096)	(30 096)	146 051	71 495	153 460	186 154
Transfers recognised - capital	513 175	536 790	467 082	698 707	639 291	639 291	215 419	678 880	765 195	1 323 730
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	898 624	562 684	245 531	761 889	609 195	609 195	361 470	750 375	918 655	1 509 884
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	898 624	562 684	245 531	761 889	609 195	609 195	361 470	750 375	918 655	1 509 884
Capital expenditure & funds sources										
Capital expenditure	492 819	643 330	698 231	839 574	849 096	849 096	161 467	719 503	794 146	1 354 360
Transfers recognised - capital	482 028	631 182	676 246	809 215	833 915	833 915	151 606	683 880	770 475	1 329 316
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	10 791	12 148	21 985	30 359	15 181	15 181	9 860	35 623	23 671	25 044
Total sources of capital funds	492 819	643 330	698 231	839 574	849 096	849 096	161 467	719 503	794 146	1 354 360
Financial position										
Total current assets	323 904	378 479	457 355	471 979	471 979	471 979	643 300	832 755	830 620	849 710
Total non current assets	2 936 628	3 462 492	4 308 571	4 602 635	4 602 635	4 602 635	3 443 837	3 448 290	3 648 309	3 859 928
Total current liabilities	444 461	551 533	655 524	667 512	672 110	676 977	460 468	483 318	523 495	562 202
Total non current liabilities	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	2 816 071	3 289 439	4 110 401	4 407 102	4 402 504	4 397 637	3 626 669	3 692 726	3 855 384	4 038 781
Cash flows										
Net cash from (used) operating	413 064	339 529	389 117	834 959	846 620	846 620	574 278	769 546	809 099	1 382 549
Net cash from (used) investing	(307 433)	(193 324)	(374 923)	(839 574)	(850 946)	(850 946)	(212 681)	(719 503)	(751 794)	(795 398)
Net cash from (used) financing	(5 320)	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	105 412	217 895	85 884	81 269	81 557	81 557	491 776	225 043	282 347	869 498
Cash backing/surplus reconciliation										
Cash and investments available	97 439	86 102	97 548	91 303	91 303	91 303	141 707	430 000	404 505	398 881
Application of cash and investments	335 857	492 183	540 384	344 090	414 062	418 930	140 490	338 398	365 556	397 820
Balance - surplus (shortfall)	(238 418)	(406 081)	(442 836)	(252 787)	(322 759)	(327 627)	1 217	91 602	38 949	1 060
Asset management										
Asset register summary (WDV)	502 024	646 398	707 830	1 684 616	4 640	4 640	719 503	719 503	771 356	1 330 249
Depreciation & asset impairment	72 902	65 000	76 000	72 000	108 720	108 720	31 770	31 770	27 336	43 190
Renewal of Existing Assets	-	-	-	-	-	-	-	23 405	24 763	26 200
Repairs and Maintenance	-	-	68 094	-	-	-	19 418	19 418	20 545	21 737
Free services										
Cost of Free Basic Services provided	53	53	64	64	64	64	282	282	298	315
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	66	66	335	335	335	335	355	355	355	375
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

4.2 OPERATING REVENUE FRAMEWORK

For Vhembe District Municipality to continue improving the quality of services provided to its citizens and local municipalities 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 balancing expenditures against realistically anticipated revenues.

The resources required to address the developmental backlogs exceeds the amount of funds that are available hence a decision has been made to prioritise on the expenditure that is important against the realistically anticipated revenues. The municipality could only increase the tariffs within the expected percentages as prescribed by the MFMA Budget circulars.

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

- National Treasury guidelines
- Growth in the District and continued economic development
- Efficient revenue management
- Tariff Policies of the Municipality
- The municipality indigent and Collection Policy

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

DC34 Vhembe - Table A4 Consolidated 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	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	41 339	79 147	87 145	123 912	61 504	61 504	43 987	92 749	99 249	106 204
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		6 200	8 439	11 664	11 507	11 507	11 507	11 527	15 761	16 706	17 709
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		606 806	608 117	589 931	760 033	760 033	760 033	760 033	752 467	835 742	916 781
Other revenue	2	154 786	70 590	4 155	6 268	6 268	6 268	14 984	800	846	896
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		809 131	766 293	692 895	901 721	839 313	839 313	830 531	861 777	952 544	1 041 589

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.

The total revenue for the municipality excluding capital transfer amounts to R 861.7 Million for 2016/17, R 952.5 Million for 2017/18 and R 1041.5 million for 2018/19. Operating Grants form a significant percentage of the revenue projections for the District. The projected Operating Revenue for 2016/17 as compared to the 2015/16 Adjusted Budgeted has increased by 24% and by 11% and 9% for 2017/18 and 2018/19 respectively due to increase in Equitable share allocation as well the water Billing

The municipality is currently in the process to finalising the Revenue enhancement strategy to ensure that the tariffs of the Municipality are relevant and are cost reflection as well ensuring that the municipality is able to recover the cost of sales.

The source of revenue in the municipality comprises of the following;

Interest on Investment

The interest on investment provided for 2016/17 has been increased from 11.507Million to R15.761 million which translates to 37% which is due to the municipality adopting an aggressive approach to optimise the surplus available cash. Interest in investment will increase by 6% for 2017/18 and 18/19 respectively.

Water sales

Projected Water Revenue has been provided at R92.77 Million Compared to the R65.5 Million that was provided in the 2015/16 financial year after the budget. The amount of R92.77 was based on the actual prior year billing of R87.11M as well the increase in the rates plus the anticipated new connections that might happen in the new budget.

Operating Transfers

The operating transfers from National Government has decreased from R760.033 Million to R752.467 Million which translates to 1% decrease from the previous budget. The current Budget of R760.033 Million was informed by the DORA allocated as per the Gazette. The Transfer for the outer years has been increased by the 10 and 11 percent for 2017/18 and 2018/19 respectively.

Other Income

Other income comprise of the Rental of properties, Sales of Tender Document, Certificate of Acceptability and other sundry incomes which has been decreased from R 6.268 Million as from 2015/16 to R.800 Million in the 2016 due to uncertainty in collection of own revenue sources.

Table 2 Operating Transfer and Grant Receipts

DC34 Vhembe - 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									
<u>Operating Transfers and Grants</u>										
National Government:		582 606	602 300	633 675	822 585	760 041	760 041	752 467	835 742	916 781
Local Government Equitable Share		476 439	524 104	592 795	743 976	681 432	681 432	747 545	833 947	914 731
Municipal Systems Improvement		1 000	890	934	940	940	940	-	-	-
Finance Management		1 250	1 250	1 250	1 325	1 325	1 325	1 460	1 795	2 050
Water Services Operating Subsidy		99 574	70 881	35 000	72 000	72 000	72 000	-	-	-
EPWP Incentive		4 342	5 175	3 696	4 344	4 344	4 344	3 462	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	746 088	684 134	663 791	840 361	777 817	777 817	752 467	835 742	916 781

The operating Transfer and Grant Receipts are as per the DORA Allocations.

4.3 OPERATING EXPENDITURE FRAMEWORK

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

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- The infrastructure projects plan in the IDP to address the backlog and the repairs and maintenance plans
- The capital programme is aligned to the backlog identified
- Operational gains and surpluses will be directed to funding the capital budget
- Funding was allocated to the projects that will be implemented in the current financial year.

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

Table 3 Summary of operating expenditure by standard classification item

Description	Ref	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18
R thousand	1								
Expenditure By Type									
Employee related costs	2	395 227	458 724	417 926	417 926	265 041	465 117	502 156	532 086
Remuneration of councillors		12 399	13 182	11 034	11 034	11 034	10 313	11 035	11 675
Debt impairment	3						35 813	37 962	40 619
Depreciation & asset impairment	2	76 000	72 000	108 720	108 720	81 839	31 770	27 336	43 190
Finance charges		1 068	499	212	212	299	289	306	324
Bulk purchases	2	2 506	1 000	1 000	1 000	470	11 500	12 167	12 873
Other materials	8	160 029	96 456	143 957	143 957	142 957	23 405	24 763	26 200
Contracted services		-	-	-	-	-	19 454	20 583	21 796
Transfers and grants		11 408	4 114	4 114	4 114	3 124	4 353	4 367	4 606
Other expenditure	4, 5	255 810	192 564	182 444	182 444	179 717	156 947	124 766	126 073
Loss on disposal of PPE									
Total Expenditure		914 446	838 539	869 408	869 408	684 481	758 962	765 441	819 442

Employee Related Costs

The budgeted allocation for employee related costs for the 2016/17 financial year totals R465 117 109.00, which equals 61.28 % of the total operating expenditure of R758 962 035.30. Based on circulars 74, 75, 78 & 79 salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2016/17 as the negotiations are still at the process. An annual increase of 7 per cent has been included in the two outer years of the MTREF.

The total employees related costs has increased from R417 926 Million in 2015/16 adjusted budget to R 469 368 in 2016/17 which reflect a 11% increase. This is due to the funded positions that have been filled as well the general increases in the salaries.

The municipality is in the process of reducing its cost in line with the cost containment measures to make funds to be made available for the capital projects hence non critical vacancies on the organogram are not to be funded. The expenditure for overtime was only budget the emergency workers like fire fighters and people who are forced to work abnormal hours due to the nature of their duties. The strict measures will be put in place to ensure that the overtime is not abused by the workers.

Remuneration for Councillors

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 total cost of councillors allowance is 1R10.3 million 2016/17,R11.03M and R11.67million for 2017/18 and 2018/19 respectively. An increase was projected at 7.6% compared to the draft budget for 2016/17 and 7% and 6% for 2017/18 as well as 2018/19 respectively. Councillors remuneration amounts to 1,42%.

Depreciation and Impairment Loss

Provision for depreciation and assets impairment has been informed by the Municipality Assets Management policy and GRAP 17.The projections were made taking into considerations the municipality assets value as recorded in

2014/15 AFS and the new acquisition for the current year 205/16 and 2016/17 budget year. Budget appropriations in this regard are R31 770 468.00 for 2016/17 financial year and amounts 4.9% of the total operating expenditure of R 758 962 035.00. The depreciation has increased by 5.8% and 5.8% for 2017/18 as well as 2018/19 respectively.

Repairs and Maintenance

Repairs and maintenance has been provided at the Cost of R34 905 110.00 which is below the 8% norms against Property Plant and Equipment as prescribed by the Act. This is a result of the availability of cash.

5. SUPPORTING DOCUMENTATION

5.1 Overview of Municipal Draft Budget Process

Section 53 of the MFMA requires the Mayor of the Municipality to provide general political guidance in the budget process and 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 process is guided by the following legislative requirements;

- Municipal Finance Management Act
- Systems Municipal Act
- Municipal Structures Act

Vhembe District Municipal Budget / Integrated Development Plan (IDP) Review Process for the 2016/17 financial year started with development and approval in August 2015 of the process for the Budget Formulation see below

ANNEXURE A

BUDGET PROCESS PLAN FOR THE 2015/16 FINANCIAL YEAR

FIRST QUARTER				
SEPTEMBER 2015				
ACTIVITY	TASK	RESPONSIBLE PERSON	PARTICIPANTS	TIME-SCHEDULE
1/1 Tabling Budget Process Plan	<ul style="list-style-type: none"> • Tabling at the Council for approval of the IDP and Budget Process Plan in terms of Municipal Systems Act and Section 34 of MFMA • Distribution of the Council approved IDP and Budget Process plan to all relevant stakeholders. 	C.F.O, Finance Portfolio Chairperson and Executive Mayor	IDP/budget Steering, Portfolio & Mayoral committees and Council	28 July 2015 14/22/28 Aug 2015
1/2 Revenue Allocation	Preparation of the initial Medium Term Financial Forecast and identification of likely level of resources to be available. Determining Proposed Rates & Service Charges	C.F.O	IDP/Budget Steering Committee & Management Committee	16 Sep 2015 01/29 Sept 2015
SECOND QUARTER				
OCTOBER-DECEMBER 2015				

2/1 Report of the previous year Audited statement and Annual Report	Presenting of Auditor General Report to the Steering Committee	C.F.O & Municipal Manager	IDP/Budget Steering & Management Committees	1 Dec 2015 01/04/10/17/29 Dec 2015
2/3 Prepare proposed Budget and Plans for the next Financial year.	Issuing Budget guidelines	C.F.O	IDP Steering Committee and Management.	
	Departmental Presentation of proposed Budget & Plans Presentation of Budget related Policies	All Departments	IDP Steering committee, Management Committees, and Local Labour Forum	
THIRD QUARTER JANUARY- MARCH 2016				
3/1 Budget Adjustment	The Executive Mayor Tables to the council, <ul style="list-style-type: none"> The 2015/16 mid-year performance and budget assessment reports The 2015/16 Adjustment Budget Report, if one is required. 	C.F.O & Portfolio and Executive Mayor	Budget Steering & Management Committees	15-30 Jan 2016
3/2 Reporting of Audited Statement & Annual	Submission of Annual Report and Audited Financial Statements and Audited Financial	Executive Mayor	Finance Portfolio & Mayoral Committees, Council and Budget	13/16 & 22 Jan 2016 30 January 2016

Report	Statements and other information as required by section 127 of the MFMA		Steering committee	
3/3 Consolidate Budget and Plans for the next Financial year.	<ul style="list-style-type: none"> The IDP , Budget Policies and draft SDBIP tabled at all relevant Portfolio Committee and Mayoral prior tabling to the Council The Executive Mayor tables the Municipality Draft Budget and IDP at the Council. 	C.F.O, Municipal Manager & Portfolio and Executive Mayor	IDP/Budget Steering, Management, Mayoral Committees , IDP Rep Forum and Council	31 Mar 2016
FOURTH QUARTER				APRIL-
JUNE 2016				
4/1 Approval of Budget	Submission of Draft Multi Year Budget to Stakeholders	C.F.O	National & Provincial Treasury and COGTA (DPLGH)	01 Apr 2016
	Public Participation & Consultation Process	Executive Mayor	Public	01-03 Apr 2015
	Consolidation of inputs, Finalization and Submission of Multi Year Budget.	C.F.O, Municipal Manager, Finance Portfolio Chairperson &	IDP/Budget Steering, Management, Mayoral Committees , IDP Rep Forum and	01-25 May 2016
6				

		Executive Mayor	Council	
	Approval of the Budget and related Policies by the Council	C.F.O, Municipal Manager, Finance Portfolio Chairperson & Executive Mayor	IDP/Budget Steering, Management, Mayoral Committees, IDP Reap Forum and Council	29 May 2016
	Submission of Approved Multi Year Budget to Stakeholders and placing the Budget on the website as well inviting comments from the public.	C.F.O GM Corporate Services	National & Provincial Treasury and COGTA (DPLGH)	12 June 2016

5.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

This is the fifth review of the IDP as adopted by Council in May 2015. It started in August 2015. The reviewed IDP was tabled to council for approval on the 31 March 2014.

The District'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:

- Considering the community Needs
- Compilation of departmental business plans including key performance indicators and targets
- Financial planning and budget process
- Public Participation through Indaba and IDP Reap Forum
- Compilation of the SDBIP
- 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 2016/17 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 2016/17 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 2016/17 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.

5.3 OVERVIEW OF BUDGET- RELATED POLICIES AND AMENDMENTS

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

5.3.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy as approved by Council and was reviewed during the 2016/17 budget process. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate on debtors. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the District's cash levels.

5.3.2 Asset Management Policy

The reviewed asset management policy was adopted by Council in 2013/14. The policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment. The depreciation and capitalization of assets are dealt with in terms of this policy.

5.3.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council. The policy provides for processes to be followed in the procurement of goods and services. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost effective system for the procurement of goods and services, disposing of goods and selection of contractors in the provision of municipal service

5.3.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the District's system of delegations. The Budget and Virement Policy was reviewed during the budget process in 2014/15.

5.3.5 Cash Management and Investment Policy

The policy provides for the management of cash and investment of surplus funds. The aim of the policy is to ensure that surplus cash and investments are adequately managed especially the funds set aside for the cash banking of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks. This policy was adopted by Council

5.3.6 Fraud and Corruption Prevention Policy

The policy provides for the mitigating, preventing, and reporting any corrupt or fraudulent activities. The policy was adopted by Council.

5.3.7 Travel and Subsistence Policy

The objective of this policy is to enforce the promulgated legislation in terms of ad-hoc travel and subsistence allowances, in order to set uniform guidelines for Councillors and officials from Vhembe District Municipality. Furthermore, this policy sets out the basis for the payment of a subsistence and travel allowance for the purposes of such official travelling.

5.3.8 Budget policy

The objective of the budget policy is to set out

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,
- The responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to the Vhembe District Municipality's IDP review and budget processes.

5.4 OVERVIEW OF BUDGET ASSUMPTIONS

In preparation their annual 2016/17 budgets and MTREFs the municipalities are expected to pay particular attention on the following issues when compiling their budgets, as they may have far reaching implications on municipal budgets.

- Ensuring that drinking water and waste water management meets the required quality standards at all the times.
- Protecting the poor
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation.
- Securing the health of their asset base by increasing spending on repairs and maintenance.
- Expediting spending on capital projects that are funded by conditional grants and
- Ensuring that borrowed funds are invested in revenue generating assets as part of the capital programme.
- Ensuring that the capital budgets reflect consistent efforts to address the backlogs in basic services and the renewal of the infrastructure of existing network services.

Municipalities are expected to pay particular attention on the following issues when compiling their budgets, as they may have far reaching implications on municipal budgets.

- The local response to the global economic crisis.
- Headline inflation forecasts as it is on the bill

Fiscal year	2015	2016	2017	2018	2019
	Actual	Estimate		Forecas	
CPI Inflation	5.5	5.6	6	5.8	5.8

- Revision of rates, tariffs and other sundry charges
- Revenue management
- Collection of outstanding debts
- Pricing services correctly

- Under budgeting on repairs and maintenance
- Spending on non-priorities

The minister emphasized on the 2016/17 budget speech that, job creation, reducing of poverty, building infrastructure and expanding the economy is the central priority of the 2016/17 budget. It is therefore expected that municipal budgets should align to these priorities.

5.5 OVERVIEW OF BUDGETING FUNDING

The funding of the operating and capital budget per source is as follows:

	2016/17 Allocations	2017/18 Allocations	2018/19 Allocations
Type of Allocation	Budget	Budget	Budget
Conditional Grants	686 807 000.00	870 857 007.40	1 301 092 274.92
Unconditional Grant	681 784 000.00	729 508 880.00	938 835 334.60
Water Sales	93 313 064.00	99 844 979.00	106 834 127.00
Interest Received	15 760 740.00	16 674 862.92	17 642 004.00
Other Income	800 248.30	856 265.68	916 204.28
Total Budget	1 478 465 052.30	1 717 741 995.00	2 365 319 944.00

5.6 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

No allocation will be transferred to Local Municipalities.

5.7 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Provision is made for an increase in Councilors by 10% and employee benefits Salary was increased 7% as provision due the negotiation which are underway.

5.8 MONTHLY CASH FLOW BY SOURCE

DC34 Vhembe - Supporting Table SA25 Consolidated 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																
Property rates - penalties & collection charges																
Service charges - electricity revenue																
Service charges - water revenue		3 117	3 259	4 257	6 236	2 589	12 457	3 060	9 257	6 524	5 566	5 247	31 182	92 749	99 249	106 204
Service charges - sanitation revenue																
Service charges - refuse revenue																
Service charges - other																
Rental of facilities and equipment																
Interest earned - external investments		1 046	522	1 046	541	1 235	1 046	1 897	1 235	1 046	587	781	4 777	15 761	16 706	17 709
Interest earned - outstanding debtors																
Dividends received																
Fines																
Licences and permits																
Agency services																
Transfers recognised - operational		202 722	-		286 085			190 010		72 936			(0)	751 753	835 180	916 217
Other revenue		26	49	59	9	250	48	46	79	85	56	56	38	800	846	896
Gains on disposal of PPE																
Total Revenue (excluding capital transfers and contributions)		206 911	3 830	5 362	292 870	4 074	13 551	195 013	10 570	80 592	6 209	6 084	35 997	861 063	951 982	1 041 025
Expenditure By Type																
Employee related costs		48 679	41 897	40 123	39 457	42 313	45 654	38 342	39 098	39 457	45 664	48 683	(4 251)	465 117	502 156	532 086
Remuneration of councillors		1 198	811	899	898	930	988	899	899	998	998	797	(0)	10 313	11 035	11 675
Debt impairment														66 419	71 042	76 048
Depreciation & asset impairment		6 200			6 545			6 545				6 545	5 934	31 770	27 336	43 190
Finance charges		24	49	24	24	24	24	24	24	24	24	24	0	289	306	324
Bulk purchases		2 346	1 577	346	2 269	457	568	567	898	891	1 014	568	0	11 500	12 167	12 873
Other materials		199	568	679	788	99	9 089	891	9 099	899	988	108	0	23 405	24 763	26 200
Contracted services		1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	0	19 454	20 583	21 796
Transfers and grants		988			1 988			399			979		(0)	4 353	4 367	4 606
Other expenditure		12 938	12 784	15 506	13 506	17 506	13 506	18 506	11 506	9 506	15 837	17 506	(1 659)	156 947	124 766	126 073
Loss on disposal of PPE			0										(0)			
Total Expenditure		74 341	59 455	59 345	67 242	63 097	71 597	67 942	63 292	53 542	67 272	76 000	66 443	789 568	798 521	854 871
Surplus/(Deficit)		132 570	(55 625)	(53 983)	225 628	(59 023)	(58 046)	127 071	(52 722)	27 049	(61 062)	(69 916)	(30 446)	71 495	153 460	186 154
Transfers recognised - capital		174 677			174 677			174 677		154 850				678 880	765 195	1 323 730
Contributions recognised - capital																
Contributed assets																
Surplus/(Deficit) after capital transfers & contributions		307 247	(55 625)	(53 983)	400 304	(59 023)	(58 046)	301 748	(52 722)	181 899	(61 062)	(69 916)	(30 446)	750 375	918 655	1 509 884
Taxation																
Attributable to minorities																
Share of surplus/(deficit) of associate																
Surplus/(Deficit)	1	307 247	(55 625)	(53 983)	400 304	(59 023)	(58 046)	301 748	(52 722)	181 899	(61 062)	(69 916)	(30 446)	750 375	918 655	1 509 884

5.9 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Attached on the budget supporting tables SA8

5.10 LEGISLATION COMPILATION STATUS

Disclosure on implementation of MFMA chapter Legislation

The passing of the MFMA into law was a key milestone that had a fundamental impact on municipal financial management that required transformation in financial discipline and planning processes.

The budget preparation for 2016/17 has met this entire key requirement.

The following are some of the MFMA areas and relative status

IDP

The 2016/2017 review process is done and the public consultation has been be done as required by legislation see below schedule.

VDM 2016/17 IDP REVIEW AND BUDGET CONSULTATION MEETINGS
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N O	DESCRIPTION	VENUE	DATE AND TIME
	<ul style="list-style-type: none"> • Mutale Local Municipality • Musina Local Municipality • Makhado Local Municipality • Thulamela Local Municipality 	<ul style="list-style-type: none"> -Mutale Town hall -Musina Nancefield Community Hall -Makhado show-ground -Thulamela Indoor sports center 	<ul style="list-style-type: none"> Mutale: 11/04/2016 @09h00 Musina: 11/04/2016 @18h30 Makhado: 12/04/2016@09h00 Thulamela:13/04/2016@09h00

BUDGET

This annual budget has been develop taking the MFMA and national treasury requirements into account budget are being tabled and approved with the required legislative timeframes.

ANNUAL

The annual report has been developed in terms of the MFMA.

IN YEAR REPORT

Reports was done in terms of MFMA and National Treasury and send electronically copy National and Provincial Treasury

BUDGET AND TREASURY OFFICE

A budget and treasury office has been established in accordance with the MFMA and national treasury requirements

SDBIP

The SDBIP document is at preparation stage taking the MFMA requirements into account.

AUDIT COMMITTEE

An audit committee has been established and it's functional

Operating grants and subsidies represent the bulk of the revenue sources of the VDM.

5.11 SUMMARY OF DETAILED CAPITAL PLAN

Description	Allocation	%
Capital Outlay	26,366,017	3%
Water Projects and Sanitation	693,137,000.00	97%
TOTAL	719,503,017.00	100%

5.12 BUDGET FINANCIAL STATEMENTS

DC34 Vhembe - Table A6 Consolidated 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		91 239	77 663	85 884	79 796	79 796	79 796	130 179	175 000	145 755	122 321
Call investment deposits	1	6 200	8 439	11 664	11 507	11 507	11 507	11 527	255 000	258 750	276 560
Consumer debtors	1	28 616	31 343	59 946	63 423	63 423	63 423	63 423	67 101	70 993	75 111
Other debtors		179 055	228 710	253 914	268 641	268 641	268 641	389 559	284 223	300 708	318 149
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	18 794	32 324	45 947	48 612	48 612	48 612	48 612	51 431	54 414	57 570
Total current assets		323 904	378 479	457 355	471 979	471 979	471 979	643 300	832 755	830 620	849 710
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	2 934 043	3 458 885	4 305 239	4 597 995	4 597 995	4 597 995	3 439 197	3 439 197	3 638 670	3 849 713
Agricultural											
Biological											
Intangible		2 586	3 608	3 332	4 640	4 640	4 640	4 640	9 093	9 639	10 215
Other non-current assets											
Total non current assets		2 936 628	3 462 492	4 308 571	4 602 635	4 602 635	4 602 635	3 443 837	3 448 290	3 648 309	3 859 928
TOTAL ASSETS		3 260 532	3 840 972	4 765 926	5 074 614	5 074 614	5 074 614	4 087 137	4 281 045	4 478 929	4 709 639
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4										
Consumer deposits		4 340	4 583	4 867	5 198	5 198	5 198	5 289	5 500	5 819	6 156
Trade and other payables	4	403 307	480 569	579 747	587 290	587 537	587 801	453 561	398 444	433 698	467 197
Provisions		36 814	66 381	70 911	75 023	79 375	83 978	1 617	79 375	83 978	88 849
Total current liabilities		444 461	551 533	655 524	667 512	672 110	676 977	460 468	483 318	523 495	562 202
Non current liabilities											
Borrowing											
Provisions											
Total non current liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		444 461	551 533	655 524	667 512	672 110	676 977	460 468	483 318	523 495	562 202
NET ASSETS	5	2 816 071	3 289 439	4 110 401	4 407 102	4 402 504	4 397 637	3 626 669	3 797 726	3 955 434	4 147 436
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		2 816 071	3 289 439	4 110 401	4 407 102	4 402 504	4 397 637	3 626 669	3 692 726	3 855 384	4 038 781
Reserves	4										
TOTAL COMMUNITY WEALTH/EQUITY	5	2 816 071	3 289 439	4 110 401	4 407 102	4 402 504	4 397 637	3 626 669	3 692 726	3 855 384	4 038 781

5.13 OTHER SUPPORTING DOCUMENTS

See Schedule A1 to A10

5.14 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Municipal Manager Signed off the budget as per attached certificate

5.15 RECOMMEDATIONS

THAT the final Capital and Operational Estimates for the 2016/2017 financial year as more fully recorded in Annexure A attached to the report in this regard be approved and that the Accounting Officer proceeds with the publication of the final Annual Budget as purposed in section 22 of the Local Government: Municipal Finance Management Act, No 56 of 2003, and the Regulations promulgated in terms thereof.

THAT the following 2016/2017 budget related policies be approved as more fully set out in Annexures 1 to Annexure 18 attached to the report in this regard policies

- Virement Policy
- Credit Control and Debt Collection Policy
- Budget Policy
- Asset management policy
- Investment Policy
- Supply Chain Management Policy
- Anti-Corruption and Fraud Prevention Policy
- Travel and Subsistence Policy

THAT it be noted that the 2016/2017 Estimates will after approval by the Council in terms of section 22 of the Municipal Finance Management Act, be submitted to National Treasury and the Provincial Treasury.

