

# **ANNUAL BUDGET OF MATJHABENG LOCAL MUNICIPALITY**



**2013/14 TO 2015/16**

**MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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## PART 1 – ANNUAL BUDGET

### 1.1 Mayor's Report

The new budget cycle for Matjhabeng Local Municipality starts in the 1<sup>st</sup> of July of each year, and ends at 30<sup>th</sup> June the following year.

According to section 24(1) of the Municipal Finance Management Act, a municipal council must at least 30 days before the start of the new financial year, consider approval of the annual budget.

The Matjhabeng Annual Budget includes an Operational Budget that provides for the annual expenditure and revenue estimates for 2013/14, as well as a Capital Budget that provides for the on-going investment in infrastructure necessary to provide the services to the community.

The total Operational Budget for the 2013/14 financial year is R1 687 706 369. The proposed pay rate is based at 72%, which was informed by past collection trends. The proposed income to be collected from the budgeted income is R1 364 011 925 based on the aforementioned pay rate of 72%. The municipality also made provision for bad debts of R323 694 443 for the financial year 2013/14 but we are positive that we can do more than the anticipated budget.

The Operational budget has been divided into revenue and expenditure sections. The revenue section consists of property rates, electricity, water, sanitation; refuse removal, grants and subsidies, interest and investment income and other revenue such as income on bad debt. The expenditure section includes items such as personnel costs, general expenditure, repairs & maintenance, capital charges, contribution to reserves and contribution to capital.

Due to the present high unit price of water and the present difficult economical situation, there will be a 3% water increase in the water tariffs for the 2013/14 financial year. Sedibeng Water increased its tariffs with 8.5%. The electricity tariff will increase with 7.50% as per the Eskom increase. The refuse tariff will increase with 5.50%, this tariff increase will be for the repairs & maintenance of refuse removal trucks. The sewerage tariff will increase with 5.50%.

The assessment rates will increase from R148 379 657 to R162 236 334 and the pay rate for assessment rates will be 90%. Matjhabeng Local Municipality implemented their Property Rates Policy in the 2011/12 financial year.

The factors which have been considered in the increases include the following:

- ✚ CPIX of 5.50%
- ✚ Increase in Sedibeng Water tariff 8.5%
- ✚ Eskom tariff approximately 8%
- ✚ Salary increase approximately 8%

The Capital budget for the 2013/14 financial year is R212 842 000. The sources of funds for the capital budget are as follow:

Contribution to Capital Expenditure	R20 000 000
Municipal Infrastructure Grant	R189 907 000
Other grant funding	R2 575 000

The total budget for the Matjhabeng Local Municipality is R1 900 548 369.

## 1.2 Council Resolutions

The Municipal Finance Management Act requires that the municipality table and adopt the budget and budget regulations. The format of the budget and supporting documentation is prescribed by the Municipal Budget and Reporting Regulations.

On 27 March 2012 the Matjhabeng Local Municipality's Council adopted the following resolution:

### **COUNCIL RESOLVED**

**A32/2013**

### **EXECUTIVE SUMMARY OF THE 2013-2014 ANNUAL BUDGET FOR THE MATJHABENG MUNICIPALITY (ACFO)(6/1/1/1 2013/14)**

#### **PURPOSE**

To submit to Council the Draft Executive Summary of the 2013/2014 Budget.

#### **DISCUSSION**

The Executive Mayor presented the item to Council

### **COUNCIL RESOLVED (26 MARCH 2013)**

It is therefore recommended

1. That the Operating Budget of **R 1 364 011 925[R 1 687 706 368(billing revenue) less anticipated bad debts due to 30% non collection of revenue]** of **R 323 694 443** and the **Capital Budget of R 212 482 000** be approved. The split up of Capital Budget allocation is as follows:

MIG	R189 907 000
Expanded Public Works Programme Integrated Grant	R1 000 000
Integrated National Electrification Programme Grant	R 1 575 000

Own funding R 20 000 000

**Total Capital Funding: R 212 482 000**

### 1.3 Executive Summary

The Matjhabeng Local Municipality Annual Budget for the 2013/13 financial year is compiled in accordance with the prescripts of the Municipal Finance Management Act 56 of 2003, Municipal Budget and Reporting Regulations and National Treasury's MFMA Circular No. 51, 54, 55, 58, 66 and 67.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity 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;
- The increased cost of bulk water and electricity (due to tariff increases from Sedibeng Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- 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 2013/14 MTREF process; and
- Availability of affordable capital/borrowing.

The total operational budget increased from R1 617 317 571 in the 2012/13 financial year to R1 687 706 369. The Equitable Share allocation for the 2012/13 financial year is R434 657 000, this is a decrease compared to the R424 920 000 allocation for the 2013/14 financial year.

**Table 1 – Consolidated overview of the 2013/14 MTREF**

R thousand	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16
Total Operating Revenue	1 617 317 571	1 687 706 369	1 779 115 390	1 925 907 323
Total Operating Expenditure	1 617 317 571	1 687 706 369	1 779 115 390	1 925 907 323
Surplus/ (Deficit)				

The 2013/144 Operating Budget of **R 1,687,706,369 (billed amount)** has been divided into revenue and expenditure sections. The revenue section consists of property rates, electricity, water, sanitation; refuse removal, grants and subsidies, interest and investment income and other revenue such as rental of halls and hostels. The expenditure section includes items such as personnel costs, general expenses, repairs and maintenance, capital charges, contribution to reserves and contributions to capital. The

2013/2014 budget will be based on a collection rate of 72% as per the requirements of the Municipal Finance Management Act. The proposed income will be at **R1,367,011,925** for the 2013/14 financial year. The collection rate was informed by past collection trends. The pay rate of 72% has been informed by the following factors:-

- The average pay rate for the past three years was between 62% and 70% .
- In line with the impact of the recession, a conservative estimate of 72% was deemed appropriate.
- In light of the abovementioned facts the consumer revenue was therefore decreased as the estimates of previous years (85-90% revenue collection) never materialised.

The breakdown below indicates the billed income as well as the proposed income, the municipality also made provision for bad debts of R323 694 443 for the 2013/2014 financial year.

The total Capital Budget Projection for the financial years 2013/2014 is R212 842 000, 2014/2015 R179 246 000 and for 2015/2016 is R146 686 000. The Municipal Infrastructure Grant allocation for the respective financial years are, 2013/2014 R189 907 000; 2014/2015 R156 246 000; 2015/2016 R118 586 000. The other grant funding consists of allocations for the EPWP Incentive Grant and the Integrated National Electrification Programme. The projected allocation from the contribution from Operating budget is R20 000 000 for 2013/14; R22 100 000 for 2014/15 and R23 100 000 for 2015/16.

#### **1.4 Operating Revenue Framework**

In order for Matjhabeng Local Municipality to improve the quality of the services provided it will have to generate the required revenue. The municipality's anticipated revenue was based on a collection rate of 72%. The municipality aspires to improve their collection rate to 75% - 85%. A revenue strategy has been developed to ensure the improved collection rate is achieved.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City 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;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- 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 Matjhabeng Local Municipality.

## Revenue Raising Strategy

- ✳ Implementation of the Financial Recovery Ten (10) Point Action Plan
- ✳ Rejuvenate disconnection project (Operation Betaal) with a revenue protection unit in place to monitor reconnections and disconnections.
- ✳ Review accounting policies
- ✳ Implementation of the new Valuation Roll.

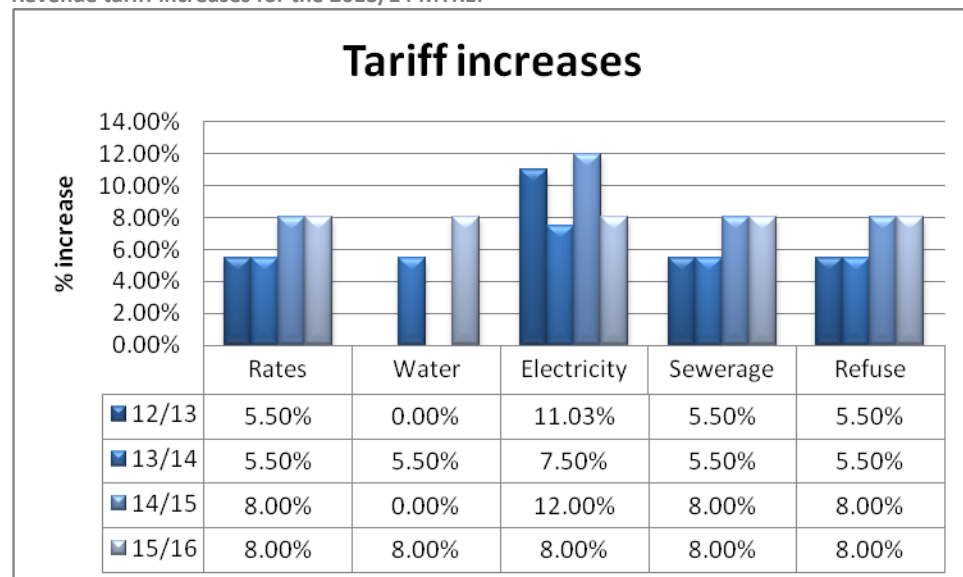
The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 – Operating Revenue per source

	2013/2014 BUDGET	2014/2015 BUDGET	2015/2016 BUDGET
<b><i>Revenue Per Source (Billed amount)</i></b>			
Assessment Rates	162,236,334	175,215,241	189,232,460
Water	188,507,087	188,507,087	203,587,654
Electricity	619,150,771	693,448,864	748,924,773
Sanitation	109,332,496	118,079,096	127,525,424
Refuse Removal	61,527,541	66,449,744	71,765,724
Grants & Subsidies	427,360,000	408,097,000	449,844,000
Other income	37,963,214	43,305,745	46,770,205
Interest Income & Bad debt income	81,628,924	86,012,612	88,257,083
<b><i>Total Income as per billing</i></b>	<b><i>1,687,706,369</i></b>	<b><i>1,779,115,390</i></b>	<b><i>1,925,907,323</i></b>
<b><i>Less: Contribution to reserves (Bad Debts)</i></b>	<b><i>323,694,443</i></b>	<b><i>290,053,913</i></b>	<b><i>318,380,928</i></b>
<b><i>Total realistically anticipated revenue collected</i></b>	<b><i>1,364,011,925</i></b>	<b><i>1,489,061,477</i></b>	<b><i>1,607,526,395</i></b>
<b><i>Expenditure Per Category</i></b>			
Salaries, wages and allowances	524,559,236	577,015,160	632,176,372
General expenses	148,351,938	160,769,535	173,631,098
Electricity bulk purchases	281,326,595	300,525,444	324,567,479
Water bulk purchases	231,448,491	249,964,370	269,961,519
Repairs and maintenance	158,325,666	178,786,969	193,089,926
Contribution to capital expenditure	20,000,000	22,000,000	23,100,000
<b><i>Total Expenditure</i></b>	<b><i>1,364,011,925</i></b>	<b><i>1,779,115,390</i></b>	<b><i>1,607,526,395</i></b>
<b>(Surplus)/ Deficit</b>			

The sources of revenue are property rates, service charges (electricity, water, refuse and sanitation), grants and subsidies, interest and investment income and other revenue such as rental income of halls and hostels. The total operating revenue increased with 5.5%. The following graph depicts the revenue tariff increases applied for the 2013/14 MTREF period.

Revenue tariff increases for the 2013/14 MTREF



**Rates:** The rates revenue increase is 5.5%. This increase is in line with the CPI which is required to achieve an affordable and balanced rates budget without impeding on service delivery.

**Water:** The water revenue increase is 3%. This increase is below the CPI of 5.5%. The increase is required to achieve an affordable and balanced water budget. This increase will ensure the maintenance of water infrastructure and ultimately reduce water losses.

**Electricity:** Electricity tariffs are linked to the Eskom tariffs for bulk electricity purchases, which are proposed by NERSA to be 8% for the 2013/14 financial year. To ensure affordability to its clients the municipality increased its tariff with 7.5% which is below the proposed Eskom increase and the increase is in line with the NERSA guideline which is between 7.5% and 8%.

**Sewerage & Refuse:** The tariff increase for sewerage is 5.5% for the 2013/1 financial year. This CPI increase will afford the municipality the means to ensure that current infrastructure is sufficiently maintained.

2013/14 revenue based on tariff increases			
Revenue category	Budget 2012/13 R	Average tariff increases	2013/14 budgeted revenue
Rates	148 379 657	5.5%	162 236 334
Water	183 016 590	3%	188 507 087
Electricity	575 954 206	7.5%	619 150 771
Sewerage	103 632 698	5.5%	109 332 496
Refuse	58 319 944	5.5%	61 527 541



The revenue on other income will be increased with 5.5%. Other income consists of rental income, interest on investments and market income. The total operating grants (equitable share, finance management, municipal systems improvement grant) decreased from R434 657 000 to R427 360 000, this is a 1.68% decrease. The Equitable share allocation is a grant which supplement the municipality's own revenue for the provision of the necessary basic level of services to each poor household within their jurisdiction. The annual DORA publishes the equitable share allocation.

### 1.5 Operating Expenditure Framework

	2012/2013 BUDGET	2013/2014 BUDGET	2014/2015 BUDGET
<i><u>Expenditure Per Category</u></i>			
Salaries, wages and allowances	471,912,614	519,103,875	560,632,185
General expenses	161,889,494	156,306,551	168,811,076
Electricity bulk purchases	260,487,588	278,019,316	300,260,862
Water bulk purchases	214,304,158	231,448,491	249,964,370
Repairs and maintenance	161,889,494	182,528,989	197,131,307
Interest and Capital redemption	4,500,000	4,500,000	4,500,000
Contribution to capital expenditure	35,000,000	38,500,000	40,425,109
<b>Total Expenditure</b>	<b>1,292,195,331</b>	<b>1,410,407,222</b>	<b>1,521,724,800</b>
(Surplus)/ Deficit			

**Salaries, wages & related staff cost:** The salary figure is **37.71% (R524 559 236)** of the total expenditure. However, not all vacancies have been filled. This has an adverse impact on service delivery. If all positions were to be filled, the salary figure would be closer to 50% of total expenditure. This would clearly be unaffordable to the municipality. However, there are critical positions that would have to be filled. Provision is made for an 8% salary increase and then only emergency vacancies are budgeted for. The multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 was taken into account. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25% for the 2013/14 financial year. The municipality however made provision for the unforeseen and provided for an 8% increase.

**Bulk purchases:** The supply of bulk services makes **47.53% (R512 775 086)** of the total budget. The following table depicts the projected cost for bulk services. Bulk services suppliers Eskom and Sedibeng will increase their tariffs with 8% respectively. These increases were incorporated in the projections for bulk services expenditure.

Bulk service	2012/13 Budget	2013/14 Budget	2014/15 budget
Water	214 304 158	231 448 491	249 964 370
Electricity	260 487 588	281 326 595	300 525 444

**General expenditure:** General Expenses relate to operational costs and are therefore inevitable. This makes up **10.67%** of total expenditure.

**Repairs & maintenance:** The municipality must ensure the health of our asset base by increasing spending on repairs and maintenance. Repairs and Maintenance relates to service backlogs and upgrading of infrastructure **11.38 %** of total expenditure has been allocated to repair and maintenance.

**Depreciation:** The municipality expects to adopt the amendments of GRAP 17 for the first time in the 2012 annual financial statements. It is unlikely that the amendment will have a material impact on the annual financial statements of the municipality. The depreciation was calculated on straight-line method, based on the lifespan of the asset.

### 1.6 Capital Expenditure

The total Capital Budget Projection for the financial year 2013/2014 is R212 482 000. The Municipal Infrastructure Grant allocation for the respective financial years are, 2013/2014 R189 907 000; 2014/2015 R156 246 000 and 2015/2013 R118 586 000. The other grant funding consists of allocations for the Expanded Public Works Grant and the Integrated National Electrification Programme. The projected allocation from the contribution from Operating budget is R20 000 000 for 2013/14 and R22 000 000 for 2014/15.

Table 2 gives an indication of the Capital Budget projections for the period 1 July 2013 to 30 June 2014.

**TABLE 2: CAPITAL BUDGET 1 JULY 2013 TO 30 JUNE 2014**

	2012/2013 BUDGET	2013/2014 BUDGET
<i>Own Funding</i>		
Capital Replacement Reserve	35 000 000	20, 000 000
<b>Total</b>	<b>35,000,000</b>	<b>20,000,000</b>
<i>Grant Funding</i>		
Municipal infrastructure grant	200,030,000	189,907,000
Other Grant Funding	11 597 000	2,575,000
<b>Total</b>	<b>211 627 000</b>	<b>192,482,000</b>
<b>Total funding</b>	<b>246 627 000</b>	<b>212,482,000</b>

**\*\*Source: Division of Revenue Act**

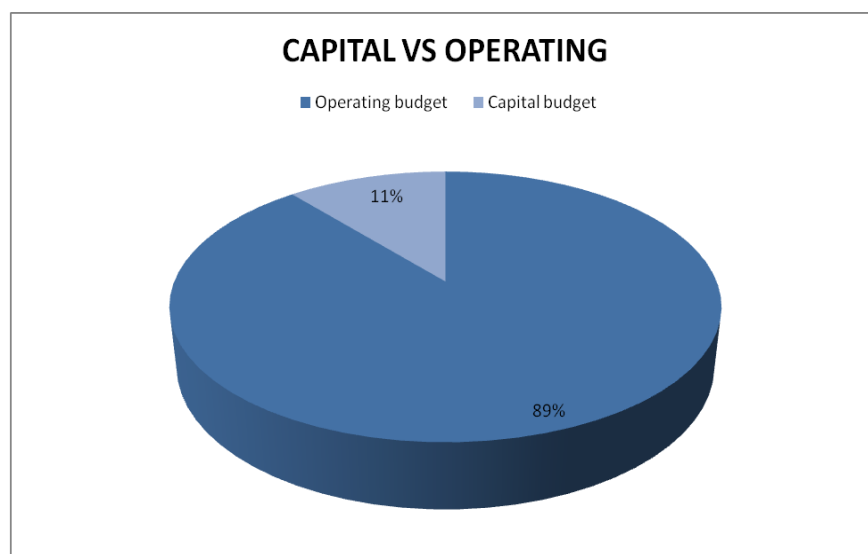
The total estimated budget of the municipality for the 2013/2014 financial year is R1 900 188 369 of which the operating budget consist of 88.82% and the capital budget of 11.18%.

Table 3 gives an indication of the total budget estimates for the period 1 July 2013 to 30 June 2015

**TABLE 3: TOTAL MUNICIPAL BUDGET (CAPITAL VERSUS OPERATIONAL)**

	2013/2014 BUDGET
Operating Budget	1,687,706,368
Capital Budget	212,482,000
<b>Total Budget</b>	<b>1,900,188,369</b>

Figure 1 gives an indication of the Operating budget versus the Capital budget for the 2013/2014 financial year.

**FIGURE 1: CAPITAL VERSUS OPERATIONAL BUDGET**

### 1.8 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulation.

**FS184 Matjhabeng - Table A1 Budget Summary**

Description  R thousands	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Financial Performance</b>										
Property rates	171 824	200 362	152 938	148 380	–	148 380	148 380	162 236	175 215	189 232
Service charges	587 383	657 988	737 670	920 923	–	920 923	920 923	978 518	1 066 485	1 151 804
Investment revenue	3 160	8 847	7 420	–	–	–	–	–	–	–
Transfers recognised - operational	286 972	362 957	393 666	434 657	–	434 657	434 657	427 360	408 097	449 844
Other own revenue	80 115	99 976	121 329	113 357	–	113 357	113 357	119 592	129 318	135 027
<b>Total Revenue (excluding capital transfers and contributions)</b>	1 129 455	1 330 130	1 413 023	1 617 318	–	1 617 318	1 617 318	1 687 706	1 779 115	1 925 907
Employee costs	322 194	428 360	462 382	458 293	–	458 293	458 293	501 812	541 957	585 313
Remuneration of councillors	18 242	19 144	19 999	13 619	–	13 619	13 619	22 748	35 059	37 863
Depreciation & asset impairment	28 890	722 559	729 537	4 500	–	4 500	4 500	23 000	23 000	23 000
Finance charges	18 806	45 619	85 039	–	–	–	–	–	–	–
Materials and bulk purchases	362 455	436 038	520 781	474 792	–	474 792	474 792	512 775	550 490	594 529
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	158 623	157 645	217 452	475 224	–	475 224	475 224	449 046	427 823	469 012
<b>Total Expenditure</b>	909 211	1 809 364	2 035 191	1 426 428	–	1 426 428	1 426 428	1 509 381	1 578 328	1 709 717
<b>Surplus/(Deficit)</b>	220 245	(479) 235	(622) 168	190 889	–	190 889	190 889	178 326	200 787	216 190
Transfers recognised - capital	130	194	177	–	–	–	–	192	–	–
Contributions recognised - capital & contributed assets	623	265	444	35 000	(10 000)	25 000	25 000	482	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	350 868	(284) 970	(444) 724	225 889	(10 000)	215 889	215 889	370 808	200 787	216 190
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	350 868	(284) 970	(444) 724	225 889	(10 000)	215 889	215 889	370 808	200 787	216 190
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	–	–	204 637	246 627	10 000	256 627	256 627	214 823	180 587	102 686
Transfers recognised - capital	–	–	164 896	200 030	–	200 030	200 030	192 482	157 246	123 586
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	27 455	35 000	–	35 000	35 000	20 000	22 000	23 100
<b>Total sources of capital funds</b>	–	–	192 351	235 030	–	235 030	235 030	212 482	179 246	146 686
<b>Financial position</b>										

Total current assets	184	877	894	1 013	–	1 013	1 013	1 036	1 119	1 209
	987	064	068	299	–	299	299	889	840	428
Total non current assets	876	5 345	5 152	1 120	–	1 120	1 120	5 591	6 039	6 522
	599	903	488	817	–	817	817	748	088	215
Total current liabilities	538	729	976	517	–	517	517	1 022	1 088	1 175
	784	833	939	117	–	117	117	574	579	666
Total non current liabilities	83	257	311	298	–	298	298	356	384	415
	093	126	909	345	–	345	345	271	773	555
Community wealth/Equity	439	5 236	4 757	1 318	–	1 318	1 318	1 424	1 538	1 661
	709	007	708	654	–	654	654	146	078	124
<b>Cash flows</b>										
Net cash from (used) operating	189	324	208	1 073	–	1 073	1 073	212	229	247
	320	971	982	656	–	656	656	482	481	839
Net cash from (used) investing	(147)	(314)	(194)	(29)	–	(29)	(29)	(15)	(22)	(23)
	554	306	061	652	–	652	652	000	000	100
Net cash from (used) financing	(39)	2	(5)	–	–	–	–	4	3	2
	020	038	536	–	–	–	–	000	000	000
Cash/cash equivalents at the year end	23	36	45	1 089	–	1 089	1 044	221	431	658
	443	147	532	536	–	536	004	482	963	702
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	38	75	83	94	–	94	94	102	110	119
	843	839	454	763	–	763	763	344	532	374
Application of cash and investments	366	543	696	266	–	266	266	869	923	997
	811	964	576	323	–	323	323	143	649	177
Balance - surplus (shortfall)	(327)	(468)	(613)	(171)	–	(171)	(171)	(766)	(813)	(877)
	969	125	122	560	–	560	560	799	117	803
<b>Asset management</b>										
Asset register summary (WDV)	–	314	283	305	–	305	330	330	356	385
	28	080	310	975	–	975	453	453	889	441
Depreciation & asset impairment	890	722	729	4	–	4	23	23	23	23
	–	559	537	500	–	500	000	000	000	000
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–	158	158	170	184
	–	–	–	–	–	–	326	326	992	671
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

**FS184 Matjhabeng - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description  R thousand	R ef  ## #	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue - Standard</b>										
<b>Governance and administration</b>					675	675	675	680	679	742
		-	-	-	974	974	974	513	356	804
Executive and council		-	-	-	459	459	459	483	466	512
Budget and treasury office		-	-	-	280	280	280	011	054	437
Corporate services		-	-	-	216	216	216	197	213	230
		-	-	-	691	691	691	502	302	366
		-	-	-	3	3	3	-	-	-
		-	-	-	72	72	72	76	85	97
<b>Community and public safety</b>					261	261	261	738	984	862
Community and social services		-	-	-	58	58	58	61	66	71
		-	-	-	401	401	401	592	520	841
Sport and recreation		-	-	-	77	77	77	1	3	3
Public safety		-	-	-	1	1	1	6	7	8
Housing		-	-	-	903	903	903	977	535	138
Health		-	-	-	11	11	11	6	8	14
		-	-	-	880	880	880	798	895	830
<b>Economic and environmental services</b>					-	-	-	-	-	-
		-	-	-	-	-	-	367	793	857
Planning and development		-	-	-	-	-	-	367	793	857
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
		-	-	-	862	862	862	918	1 000	1 065
<b>Trading services</b>					603	603	603	532	502	683
Electricity		-	-	-	575	575	575	620	693	748
Water		-	-	-	954	954	954	360	449	925
Waste water management		-	-	-	183	183	183	188	188	189
Waste management		-	-	-	017	017	017	831	857	232
		-	-	-	103	103	103	109	118	127
		-	-	-	633	633	633	340	196	525
		-	-	-	-	-	-	-	-	-
		-	-	-	6	6	6	11	12	18
<b>Other</b>					480	480	480	556	480	703
<b>Total Revenue - Standard</b>					1 617	1 617	1 617	1 687	1 779	1 925
		-	-	-	318	318	318	706	115	907
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>					247	247	247	281	296	320
		-	-	-	154	154	154	459	878	839
Executive and council		-	-	-	114	114	114	117	128	137
Budget and treasury office		-	-	-	173	173	173	584	227	979
Corporate services		-	-	-	82	82	82	98	97	106
		-	-	-	842	842	842	241	765	303
		-	-	-	50	50	50	65	70	76
		-	-	-	139	139	139	635	886	557
		-	-	-	310	310	310	340	369	399
<b>Community and public safety</b>					268	268	268	641	566	438
Community and social services		-	-	-	122	122	122	131	138	149
		-	-	-	782	782	782	169	090	445
Sport and recreation		-	-	-	71	71	71	79	88	96
Public safety		-	-	-	358	358	358	933	951	067
		-	-	-	97	97	97	110	121	131
		-	-	-	256	256	256	085	515	236

Housing	-	-	-	871	871	871	454	010	691
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	-	-	-	<b>71</b>	<b>71</b>	<b>71</b>	<b>95</b>	<b>102</b>	<b>110</b>
Planning and development	-	-	-	<b>901</b>	<b>901</b>	<b>901</b>	<b>289</b>	<b>338</b>	<b>525</b>
Road transport	-	-	-	24	24	24	39	43	46
Environmental protection	-	-	-	132	132	132	959	137	588
	-	-	-	47	47	47	55	59	63
	-	-	-	770	770	770	330	201	938
	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	-	-	-	<b>985</b>	<b>985</b>	<b>985</b>	<b>966</b>	<b>1 006</b>	<b>1 090</b>
Electricity	-	-	-	<b>063</b>	<b>063</b>	<b>063</b>	<b>389</b>	<b>092</b>	<b>524</b>
Water	-	-	-	549	549	549	457	472	511
Waste water management	-	-	-	206	206	206	330	274	746
Waste management	-	-	-	312	312	312	360	385	417
	-	-	-	259	259	259	038	337	394
	-	-	-	123	123	123	149	148	161
	-	-	-	598	598	598	021	481	384
	-	-	-	-	-	-	-	-	-
<b>Other</b>	##	-	-	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>
	#	-	-	<b>931</b>	<b>931</b>	<b>931</b>	<b>927</b>	<b>241</b>	<b>581</b>
<b>Total Expenditure - Standard</b>	##	-	-	<b>1 617</b>	<b>1 617</b>	<b>1 617</b>	<b>1 687</b>	<b>1 779</b>	<b>1 925</b>
	#	-	-	<b>317</b>	<b>317</b>	<b>317</b>	<b>706</b>	<b>115</b>	<b>907</b>
<b>Surplus/(Deficit) for the year</b>		-	-	<b>1</b>	<b>1</b>	<b>1</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

**FS184 Matjhabeng - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	R ef	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audite d Outco me	Audite d Outco me	Audite d Outco me	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue by Vote</b>	##									
	#									
Vote 1 - COUNCIL GENERAL		-	-	-	434	434	434	427	408	449
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR		-	-	-	657	657	657	360	097	844
Vote 3 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	24	24	24	55	57	62
Vote 5 - CORPORATE SERVICES		-	-	-	623	623	623	651	957	593
Vote 6 - FINANCE		-	-	-	81	81	81	65	70	76
Vote 7 - HUMAN RESOURCES		-	-	-	223	223	223	209	225	249
Vote 8 - COMMUNITY SERVICES		-	-	-	173	173	173	058	783	069
Vote 9 - PUBLIC SAFETY AND TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 10 - ECONOMIC DEVELOPMENT		-	-	-	58	58	58	62	69	74
Vote 11 - ENGINEERING SERVICES		-	-	-	396	396	396	899	484	818
Vote 12 - WATER/SEWERAGE		-	-	-	1	1	1	6	7	8
Vote 13 - ELECTRICITY		-	-	-	903	903	903	977	535	138
Vote 14 - HOUSING		-	-	-	-	-	-	367	793	857
		-	-	-	-	-	-	400	432	466
		-	-	-	286	286	286	298	307	316
		-	-	-	649	649	649	171	053	758
		-	-	-	575	575	575	620	693	748
		-	-	-	954	954	954	360	449	925
		-	-	-	11	11	11	6	8	14

		-	-	-	880	880	880	398	463	364
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>## #</b>	-	-	-	<b>1 617 318</b>	<b>1 617 318</b>	<b>1 617 318</b>	<b>1 687 706</b>	<b>1 779 115</b>	<b>1 925 907</b>
<b><u>Expenditure by Vote to be appropriated</u></b>	<b>## #</b>									
					55	55	55	55	61	65
Vote 1 - COUNCIL GENERAL		-	-	-	243	243	243	452	125	508
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR		-	-	-	15	15	15	15	16	17
Vote 3 - OFFICE OF THE SPEAKER		-	-	-	188	188	188	082	288	592
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	16	16	16	17	18	20
Vote 5 - CORPORATE SERVICES		-	-	-	667	667	667	455	852	360
		-	-	-	43	43	43	47	50	54
Vote 6 - FINANCE		-	-	-	243	243	243	041	804	868
		-	-	-	47	47	47	62	68	73
Vote 7 - HUMAN RESOURCES		-	-	-	441	441	441	994	034	476
		-	-	-	86	86	86	103	103	112
Vote 8 - COMMUNITY SERVICES		-	-	-	997	997	997	428	367	354
Vote 9 - PUBLIC SAFETY AND TRANSPORT		-	-	-	10	10	10	12	12	14
Vote 10 - ECONOMIC DEVELOPMENT		-	-	-	930	930	930	020	982	021
Vote 11 - ENGINEERING SERVICES		-	-	-	168	168	168	183	196	212
		-	-	-	516	516	516	016	708	752
Vote 12 - WATER/SEWERAGE		-	-	-	98	98	98	110	122	132
		-	-	-	054	054	054	965	465	262
Vote 13 - ELECTRICITY		-	-	-	14	14	14	16	18	19
Vote 14 - HOUSING		-	-	-	772	772	772	919	272	734
		-	-	-	134	134	134	99	106	115
Vote 15 -		-	-	-	907	907	907	524	912	465
		-	-	-	400	400	400	480	503	545
		-	-	-	977	977	977	794	292	810
		-	-	-	505	505	505	463	479	519
		-	-	-	510	510	510	562	004	015
		-	-	-	18	18	18	19	21	22
		-	-	-	871	871	871	454	010	691
		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>## #</b>	-	-	-	<b>1 617 317</b>	<b>1 617 317</b>	<b>1 617 317</b>	<b>1 687 706</b>	<b>1 779 115</b>	<b>1 925 907</b>
<b>Surplus/(Deficit) for the year</b>	<b>## #</b>	-	-	-	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**FS184 Matjhabeng - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	R ef	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b><u>Revenue By Source</u></b>	<b>#</b>										
Property rates	#		200	152				148			
Property rates - penalties & collection charges	#	171 824	362	938	148 380	-	148 380	380	162 236	175 215	189 232
Service charges - electricity revenue	#		335	390				575			
	#	289 866	534	709	575 954	-	575 954	954	619 151	693 449	748 925
Service charges - water revenue	#		179	181				183			
	#	159 696	833	973	183 017	-	183 017	017	188 507	188 507	203 588
Service charges - sanitation revenue	#		85	101				103			
	#	482	274	055	103 633	-	103 633	633	109 332	118 079	127 525



Service charges - refuse revenue	# # #	52 340	54 347	63 934	58 320	–	58 320	58 320	61 528	66 450	71 766
Service charges - other											
Rental of facilities and equipment		12 480	– 085	– 492	10 7						
Interest earned - external investments		3 160	8 847	7 420							
Interest earned - outstanding debtors		39 665	56 716	78 052	24 623		24 623	24 623	25 978	28 056	30 300
Dividends received		55	9	21							
Fines		2 904	2 287	3 623							
Licences and permits		10	8	8							
Agency services		7 311	7 488	8 273							
Transfers recognised - operational			362	393			434				
	# # #	286 972	957	666	434 657		434 657	657	427 360	408 097	449 844
Other revenue	# # #	17 691	23 384	20 860	88 734	–	88 734	88 734	93 614	101 262	104 727
Gains on disposal of PPE			–	–							
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 129 455</b>	<b>1 330 130</b>	<b>1 413 023</b>	<b>1 617 318</b>	<b>–</b>	<b>1 617 318</b>	<b>1 617 318</b>	<b>1 687 706</b>	<b>1 779 115</b>	<b>1 925 907</b>
<b>Expenditure By Type</b>	- # # #										
Employee related costs	# # #	322 194	428 360	462 382	458 293	–	458 293	458 293	501 812	541 957	585 313
Remuneration of councillors		18 242	19 144	19 999	13 619		13 619	13 619	22 748	35 059	37 863
Debt impairment	# # #				325 122		325 122	325 122	300 694	267 054	295 381
Depreciation & asset impairment	# # #	28 890	722 559	729 537	4 500	–	4 500	4 500	23 000	23 000	23 000
Finance charges	# # #	18 806	45 619	85 039					–		
Bulk purchases	# # #	362 455	436 038	520 781	474 792	–	474 792	474 792	512 775	550 490	594 529
Other materials	# # #		–	–							
Contracted services	# # #	2 558	2 727	8 045	6 000	–	6 000	6 000	7 500	7 500	7 500
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	156 065	154 772	209 117	144 101	–	144 101	144 101	140 852	153 270	166 131
Loss on disposal of PPE		–	146	290							
<b>Total Expenditure</b>		<b>909 211</b>	<b>1 809 364</b>	<b>2 035 191</b>	<b>1 426 428</b>	<b>–</b>	<b>1 426 428</b>	<b>1 426 428</b>	<b>1 509 381</b>	<b>1 578 328</b>	<b>1 709 717</b>
<b>Surplus/(Deficit)</b>		<b>220 245</b>	<b>(479 235)</b>	<b>(622 168)</b>	<b>190 889</b>	<b>–</b>	<b>190 889</b>	<b>190 889</b>	<b>178 326</b>	<b>200 787</b>	<b>216 190</b>
Transfers recognised - capital	# # #	130 623	194 265	177 444					192 482		
Contributions recognised - capital	# # #	–	–	–	35 000	(10 000)	25 000	25 000	–	–	–
Contributed assets											

Surplus/(Deficit) after capital transfers & contributions		350 868	(284 970)	(444 724)	225 889	(10 000)	215 889	215 889	370 808	200 787	216 190
Taxation											
Surplus/(Deficit) after taxation		350 868	(284 970)	(444 724)	225 889	(10 000)	215 889	215 889	370 808	200 787	216 190
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		350 868	(284 970)	(444 724)	225 889	(10 000)	215 889	215 889	370 808	200 787	216 190
Share of surplus/ (deficit) of associate	# # #										
Surplus/(Deficit) for the year		350 868	(284 970)	(444 724)	225 889	(10 000)	215 889	215 889	370 808	200 787	216 190

**FS184 Matjhabeng - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description	R ef	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure - Vote</b>	# # #										
<b>Multi-year expenditure to be appropriated</b>											
Vote 1 - COUNCIL GENERAL		-	-	498	341	10 000	341	12 341	22 341	24 341	23 100
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR		-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-	-
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCE		-	-	2 055	1 500	-	1 500	1 500	1 500	1 500	-
Vote 7 - HUMAN RESOURCES		-	-	-	-	-	-	-	-	-	-
Vote 8 - COMMUNITY SERVICES		-	-	19 890	40 203	-	40 203	40 203	42 767	72 725	14 839
Vote 9 - PUBLIC SAFETY AND TRANSPORT		-	-	7 498	-	-	-	-	-	-	-
Vote 10 - ECONOMIC DEVELOPMENT		-	-	10 175	8 191	-	8 191	8 191	32 348	18 000	9 200
Vote 11 - ENGINEERING SERVICES		-	-	82 216	114 907	-	114 907	114 907	77 227	37 000	9 000
Vote 12 - WATER/SEWERAGE		-	-	61 956	79 485	-	79 485	79 485	38 565	28 521	46 547
Vote 13 - ELECTRICITY		-	-	13 350	-	-	-	-	1 575	-	-
Vote 14 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	# # #	-	-	204 637	246 627	10 000	256 627	256 627	216 323	182 087	102 686
<b>Single-year expenditure to be appropriated</b>	# # #										

Vote 1 - COUNCIL GENERAL	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE SPEAKER	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCE	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - HUMAN RESOURCES	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - COMMUNITY SERVICES	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - PUBLIC SAFETY AND TRANSPORT	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - ECONOMIC DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - ENGINEERING SERVICES	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - WATER/SEWERAGE	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - HOUSING	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>	-	-	204 637	246 627	10 000	256 627	256 627	216 323	182 087	102 686	
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>	-	-	553	841	10 000	841	13 841	341	341	100	23
Executive and council			498	341	10 000	341	12 341	341	341	100	23
Budget and treasury office			2	1		1					
Corporate services			055	500		500	1 500				
<b>Community and public safety services</b>	-	-	387	203	-	203	40 203	767	725	839	14
Community and social services											
Sport and recreation			890	203		203	40 203	767	725	839	14
Public safety			19	40		40		42	72		
Housing			7								
Health			498								
<b>Economic and environmental services</b>	-	-	175	191	-	191	8 191	348	000	200	9
Planning and development			10	8		8		32	18	9	
Road transport			175	191		191	8 191	348	000	200	
Environmental protection											
<b>Trading services</b>	-	-	306	485	-	485	79 485	140	521	547	46
Electricity			13					1			
Water			350	79		79		575	28	46	
Waste water management			61					38			
Waste management			956	485		485	79 485	565	521	547	

<i>Other</i>				82 216	114 907		114 907	114 907	77 227	37 000	9 000
<b>Total Capital Expenditure - Standard</b>	# # #	-	-	204 637	246 627	10 000	256 627	256 627	214 823	180 587	102 686
<b>Funded by:</b>											
National Government				164 896	200 030		200 030	200 030	192 482	157 246	123 586
Provincial Government											
District Municipality											
Other transfers and grants											
<b>Transfers recognised - capital</b>	# # #	-	-	164 896	200 030	-	200 030	200 030	192 482	157 246	123 586
<b>Public contributions &amp; donations</b>	# # # # #										
<b>Borrowing</b>	# #										
<b>Internally generated funds</b>	# #			27 455	35 000		35 000	35 000	20 000	22 000	23 100
<b>Total Capital Funding</b>	# # #	-	-	192 351	235 030	-	235 030	235 030	212 482	179 246	146 686

**FS184 Matjhabeng - Table A6 Budgeted Financial Position**

Description	R ef	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcom e	Audited Outcom e	Audited Outcom e	Original Budget	Adjust ed Budge t	Full Year Forecas t	Pre-audit outcom e	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>ASSETS</b>											
<b>Current assets</b>											
Cash	##	23 443	35 279	44 665	48 238		48 238	48 238	52 097	56 264	60 766
Call investment deposits	#	15 147	16 213	10 606	16 088	-	16 088	16 088	17 375	18 765	20 266
Consumer debtors	##	133 227	103 804	126 791	180 007	-	180 007	180 007	136 934	147 889	159 720
Other debtors	#	6 104	12 266	5 722	6 180		6 180	6 180	6 674	7 208	7 785
Current portion of long-term receivables	##	- 7	913 708	- 706	- 762		762 762	762 762	823 823	889 889	960 960
Inventory	#	066	588	284	787		787	787	810	715	892
<b>Total current assets</b>		184 987	877 064	894 068	1 013 299	-	1 013 299	1 013 299	1 036 889	1 119 840	1 209 428
<b>Non current assets</b>											
Long-term receivables		-									
Investments		253	24 346	28 183	30 438		30 438	30 438	32 873	35 503	38 343
Investment property		-	314 080	283 310	305 975		305 975	305 975	330 453	356 889	385 441
Investment in Associate											

Property, plant and equipment	## #	876 346	5 007 019	4 839 287	782 559	–	782 559	782 559	5 226 430	5 644 544	6 096 108
Agricultural Biological Intangible				1	1		1	1	1	2	2
Other non-current assets			458	708	845		845	845	992	151	324
<b>Total non current assets</b>		876 599	5 345 903	5 152 488	1 120 817	–	1 120 817	1 120 817	5 591 748	6 039 088	6 522 215
<b>TOTAL ASSETS</b>		1 061 586	6 222 967	6 046 556	2 134 116	–	2 134 116	2 134 116	6 628 637	7 158 928	7 731 642
<b>LIABILITIES</b>											
<b>Current liabilities</b>	## #										
Bank overdraft	## #	–	–	–	–						
Borrowing	## #	26 787	19 841	19 276	37 727	–	37 727	37 727	20 818	22 483	24 282
Consumer deposits		25	26	27	30		30	30	32	35	38
Trade and other payables	## #	706 486	995 682	937 929	172 449	–	172 449	172 449	585 969	192 1 030	008 1 113
Provisions		291	997	726	218	–	218	218	171	904	376
<b>Total current liabilities</b>		538 784	729 833	976 939	517 117	–	517 117	517 117	1 022 574	1 088 579	1 175 666
<b>Non current liabilities</b>											
Borrowing		10 486	8 816	1 195	52 897	–	52 897	52 897	1 291	1 394	1 505
Provisions		72 606	248 311	310 714	245 448	–	245 448	245 448	354 981	383 379	414 049
<b>Total non current liabilities</b>		83 093	257 126	311 909	298 345	–	298 345	298 345	356 271	384 773	415 555
<b>TOTAL LIABILITIES</b>		621 877	986 959	1 288 848	815 462	–	815 462	815 462	1 378 845	1 473 352	1 591 220
<b>NET ASSETS</b>	## #	439 709	5 236 007	4 757 708	1 318 654	–	1 318 654	1 318 654	5 249 792	5 685 576	6 140 422
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)	## #	439 709	5 236 007	4 757 708	1 318 654		1 318 654	1 318 654	1 424 146	1 538 078	1 661 124
Reserves		–	–	–	–	–	–	–	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	## #	439 709	5 236 007	4 757 708	1 318 654	–	1 318 654	1 318 654	1 424 146	1 538 078	1 661 124

FS184 Matjhabeng - Table A7

## Budgeted Cash Flows

Description	R ef	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											

Receipts											
Ratepayers and other	# # # # #	626 292	1 147 897	1 533 424	1 161 753		1 161 753	1 161 753	877 879	948 109	1 023 958
Government - operating					424 331		424 331	424 331	427 360	461 549	498 473
Government - capital					211 627 54		211 627 54	211 627 54	192 482 58	207 881 63	224 511 68
Interest		3 160	8 847	7 420	000		000	000	773	475	553
Dividends		55	9	21							
Payments											
Suppliers and employees	# # #	(424 305)	(799 553)	(1 276 390)	(775 065)		(775 065)	(775 065)	(1 344 012)	(1 451 533)	(1 567 656)
Finance charges		(15 882)	(32 229)	(55 492)	(2 990)		(2 990)	(2 990)	–		
Transfers and Grants		–									
NET CASH FROM/(USED) OPERATING ACTIVITIES		189 320	324 971	208 982	1 073 656	–	1 073 656	1 073 656	212 482	229 481	247 839
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	134 520	150 056					5 000	–	–
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables		72 581									
Decrease (increase) in non-current investments		(1 394)	(4 417)	1 673							
Payments											
Capital assets		(218 742)	(444 408)	(345 789)	(29 652)		(29 652)	(29 652)	(20 000)	(22 000)	(23 100)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(147 554)	(314 306)	(194 061)	(29 652)	–	(29 652)	(29 652)	(15 000)	(22 000)	(23 100)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(39 020)	2 038	(5 536)					4 000	3 000	2 000
NET CASH FROM/(USED) FINANCING ACTIVITIES		(39 020)	2 038	(5 536)	–	–	–	–	4 000	3 000	2 000
NET INCREASE/ (DECREASE) IN CASH HELD		2 745	12 704	9 385	1 044 004	–	1 044 004	1 044 004	201 482	210 481	226 739
Cash/cash equivalents at the year begin:	# # # # #	20 698	23 443	36 147	45 532		45 532	–	20 000	221 482	431 963
Cash/cash equivalents at the year end:		23 443	36 147	45 532	1 089 536	–	1 089 536	1 044 004	221 482	431 963	658 702

**FS184 Matjhabeng - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description  R thousand	R ef	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	#	23	36	45	1 089		1 089	1	221	431	658
Other current investments > 90 days	#	443	147	532	536	–	536	044 004	482	963	702
	#	15	15	9	(1 025		(1 025	(979	(152	(356	(577
	#	147	345	739	211)	–	211)	679)	011)	934)	670)
Non current assets - Investments	#		24	28	30		30	30	32	35	38
	#	253	346	183	438	–	438	438	873	503	343
<b>Cash and investments available:</b>		<b>38</b>	<b>75</b>	<b>83</b>	<b>94</b>	<b>–</b>	<b>94</b>	<b>94</b>	<b>102</b>	<b>110</b>	<b>119</b>
		<b>843</b>	<b>839</b>	<b>454</b>	<b>763</b>	<b>–</b>	<b>763</b>	<b>763</b>	<b>344</b>	<b>532</b>	<b>374</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers	#	71	45	13	55		55	55	14	–	–
	#	878	478	547	561	–	561	561	630	–	–
Unspent borrowing	#	–	–	–	–	–	–	–	–	–	–
Statutory requirements	#										
Other working capital requirements	#	294	498	683	210		210	210	854	923	997
	#	934	486	029	762	–	762	762	513	649	177
Other provisions	#										
Long term investments committed	#										
	#	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	#										
<b>Total Application of cash and investments:</b>		<b>366</b>	<b>543</b>	<b>696</b>	<b>266</b>	<b>–</b>	<b>266</b>	<b>266</b>	<b>869</b>	<b>923</b>	<b>997</b>
		<b>811</b>	<b>964</b>	<b>576</b>	<b>323</b>	<b>–</b>	<b>323</b>	<b>323</b>	<b>143</b>	<b>649</b>	<b>177</b>
<b>Surplus(shortfall)</b>		<b>(327</b>	<b>(468</b>	<b>(613</b>	<b>(171</b>	<b>–</b>	<b>(171</b>	<b>(171</b>	<b>(766</b>	<b>(813</b>	<b>(877</b>
		<b>969)</b>	<b>125)</b>	<b>122)</b>	<b>560)</b>	<b>–</b>	<b>560)</b>	<b>560)</b>	<b>799)</b>	<b>117)</b>	<b>803)</b>

**FS184 Matjhabeng - Table A9 Asset Management**

Description  R thousand	R ef	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	##			<b>178</b>	<b>221</b>		<b>221</b>	<b>191</b>	<b>157</b>	<b>123</b>
	#	–	–	<b>909</b>	<b>308</b>	–	<b>308</b>	<b>482</b>	<b>246</b>	<b>586</b>
Infrastructure - Road transport		–	–	76	99	–	99	76	37	9
		–	–	216	710	–	710	227	000	000
Infrastructure - Electricity		–	–	13	–	–	–	1	1	5
		–	–	350	–	–	–	575	000	000
Infrastructure - Water		–	–	3	4	–	4	13	10	11
		–	–	710	990	–	990	140	521	047
Infrastructure - Sanitation		–	–	58	74	–	74	25	18	35
		–	–	246	063	–	063	425	000	500

<i>Infrastructure - Other</i>	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	151 522	178 763	-	178 763	116 367	66 521	60 547
Community	-	-	27 387	42 544	-	42 544	75 115	90 725	63 039
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	-	-	-	-	-	-	-	-	-
<i>Infrastructure - Road transport</i>	-	-	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>	-	-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>	-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>	-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	-	-	-	-	-	-	-	-	-
<i>Infrastructure - Road transport</i>	-	-	76 216	99 710	-	99 710	76 227	37 000	9 000
<i>Infrastructure - Electricity</i>	-	-	13 350	-	-	1 575	1 000	1 000	5 000
<i>Infrastructure - Water</i>	-	-	3 710	4 990	-	4 990	13 140	10 521	11 047
<i>Infrastructure - Sanitation</i>	-	-	58 246	74 063	-	74 063	25 425	18 000	35 500
<i>Infrastructure - Other</i>	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	151 522	178 763	-	178 763	116 367	66 521	60 547
Community	-	-	27 387	42 544	-	42 544	75 115	90 725	63 039
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-



Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>## #</b>	<b>-</b>	<b>-</b>	<b>178 909</b>	<b>221 308</b>	<b>-</b>	<b>221 308</b>	<b>191 482</b>	<b>157 246</b>	<b>123 586</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>## #</b>									
<i>Infrastructure - Road transport</i>										
<i>Infrastructure - Electricity</i>										
<i>Infrastructure - Water</i>										
<i>Infrastructure - Sanitation</i>										
<i>Infrastructure - Other</i>										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		-	314 080	283 310	305 975	-	305 975	330 453	356 889	385 441
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>## #</b>	<b>-</b>	<b>314 080</b>	<b>283 310</b>	<b>305 975</b>	<b>-</b>	<b>305 975</b>	<b>330 453</b>	<b>356 889</b>	<b>385 441</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<b><u>Depreciation &amp; asset impairment</u></b>	<b>## #</b>	28 890	722 559	729 537	4 500	-	4 500	23 000	23 000	23 000
<b><u>Repairs and Maintenance by Asset Class</u></b>	<b>## #</b>	-	-	-	-	-	-	158 326	170 992	184 671
<i>Infrastructure - Road transport</i>		-	-	-	-	-	-	44 948	47 989	51 828
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	36 706	39 643	42 814
<i>Infrastructure - Water</i>		-	-	-	-	-	-	42 889	46 320	50 025
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	124 543	133 952	144 668
Community		-	-	-	-	-	-	11 390	12 302	13 286
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	-	-	-	22 392	24 738	26 718
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>28 890</b>	<b>722 559</b>	<b>729 537</b>	<b>4 500</b>	<b>-</b>	<b>4 500</b>	<b>181 326</b>	<b>193 992</b>	<b>207 671</b>
<b><i>Renewal of Existing Assets as % of total capex</i></b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><i>Renewal of Existing Assets as % of deprecn"</i></b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><i>R&amp;M as a % of PPE</i></b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%	3.0%
<b><i>Renewal and R&amp;M as a % of PPE</i></b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	48.0%	48.0%	48.0%

## **PART 2 – SUPPORTING DOCUMENTATION**

### **2.1 OVERVIEW OF THE BUDGET PROCESS**

This chapter provides an overview of the Budget Process, as well as an overview of the current financial position and the various challenges it faces in the year ahead.

#### **THE BUDGET PROCESS**

Budgeting is the central process of prioritising service delivery and the management of functions within the Municipality. That prioritising is perhaps the single most important contribution that Council makes in setting the direction of the organisation and represents a principle management responsibility. The developing of the budget begins with the Integrated Development Plan (IDP), which is a community driven document, where the citizens of Matjhabeng get an opportunity to communicate their needs and desires to their representatives on Council. This document, which is linked to the Budget, forms the 'wish list' for projects, and service delivery items for the Municipality to consider as it develops the Budget. The challenge then facing the Municipality is finding the means to deliver on the 'wish list' to the community while also maintaining existing programs and services while addressing the current service needs to meet increasing demands. The process is managed by a series of transparent meetings and discussions between management, Council, and the community until a final Budget is passed in May/June of each year. That Budget then represents the legal, and directional spending limits for the Municipality for the Budget Year.

The budget cycle is a continuous process of planning, implementing, monitoring and reporting.

The Municipal Finance Management Act (56 of 2003) (MFMA) provides that the involvement of Council in the budgeting and financial management process must be:-

- ✓ Consideration of the views of the local community and any organ of state that made submissions on the tabled budget
- ✓ Give the mayor an opportunity to respond to any submissions and if necessary revise the budget.
- ✓ Consider approval of the budget at least 30 days before the start of the budget year.
- ✓ Approve the budget before the start of the budget year.
- ✓

By focusing on these critical aspects, Councillors will be able to provide appropriate political leadership and direction to the Municipality's operations, oversee the preparation of budgets and oversee the achievement of financial and non-financial objectives expressed in the budget and IDP.

The Budget Process is guided by the following phases:-

- ✓ Revision of the Integrated Development Plan
- ✓ Development of Budget Policies and Guidelines
- ✓ Preparation and submission of departmental budgets

- ✓ Preparation of the draft annual budget
- ✓ Revision of the budget by the Budget Advisory Committee
- ✓ Revision of the budget by the Mayoral Committee
- ✓ Community Consultations
- ✓ Budget approval and
- ✓ Budget implementation

## 2.2 OVERVIEW OF THE BUDGET POLICIES

### Recommended Budget Policies

#### *Policy # 1 - Budget Sustainability*

**Background.** Sustainability is the notion that current economic and consumption patterns should not reduce opportunities for future generations by depleting or impairing resources. The driving force behind sustainability is the recognition that, our communities' natural capital is limited. Sustainability demands balance among economy, environment, and community. Emphasizing any one of these factors over the others causes an imbalance in future equity and undermines the ability to support current business practices over the long term. Many businesses worldwide have demonstrated that they can operate profitably while employing sustainable practices. Similarly, many governments have adopted and implemented sustainable policies and business practices. Through the power of example, the public sector must continue to lead the way toward a sustainable future. Standing at the vortex of the policymaking process, government has an important role to play in this critical effort.

#### **Recommendation:**

That the issue of sustainability is considered a core value in setting organizational policy and establishing business practices in all areas of public finance. Accordingly, it is recommended that Matjhabeng Municipality adopt the following actions:

#### **A. Public Policy:**

- ☐ Incorporate a commitment to sustainability into mission and value statements.
- ☐ Develop organizational goals that reflect sustainability principles at the departmental levels.
- ☐ Encourage policy development that supports the environmental sustainability of the Municipality
- Implement policies encouraging or requiring the use of products certified as sustainable and/or environmentally friendly.
- ☐ Evaluate how the Municipality tax structure affects its goals for a healthy economy, a healthy environment, and social fairness.
- Form partnerships with other government agencies and with the private and not-for-profit sectors that promote sustainability.

**B. Budget and Management:**

- Develop budget processes that reflect sustainability goals and objectives, measure government performance in realizing those goals and objectives, and benchmark such performance against comparable Municipalities and/or accepted standards.
- Consider financing and capital planning processes that systematically identify future costs and allocate those costs equitably across generations. The use of life-cycle costing and similar analytical tools is advised.

**C. Sustainable Business Practices:**

- Implement purchasing practices that support the procurement of sustainable and recycled goods and services consistent with the Municipality financial plans and resources.
- Promote the use of products certified by reputable third-party organizations.
- Develop sustainability principles and guidelines for facility and infrastructure development. Adopt green building standards, for construction projects.
- Adopt policies that promote sustainable business practices in governmental operations, such as fleet management, building maintenance, and parks and green space. Consider adopting guidelines established by independent organizations.
- Implement practices and procedures that reduce waste, carbon dioxide emissions, and reliance on non-renewable resources; promote recycling and reuse; and minimize employee exposure to hazardous materials.
- Educate and inform employees of the importance of sustainable practices and offer suggestions they can employ in the workplace.
- Report on sustainable business practices and goals in annual reports, budget documents, and other core communications.
- Include sustainability in job descriptions and performance reviews.

***Policy # 2 – Financial Planning Policies*****Background.**

The development and adoption of Financial Policies form the framework for the preparation of Operating and Capital Budgets that encompasses the broad scope of governmental planning and

decision-making with regard to the use of resources. The policies included are those considered fundamental to the budget process and the long-term financial sustainability of Matjhabeng.

The Municipality's adopted financial policies should be used to frame major policy initiatives and be summarized in the budget document.

It is further recommended that these policies, along with any others that may be adopted, be reviewed during the budget process. Finance staff should review the policies to ensure continued relevance and to identify any gaps that should be addressed with new policies. The results of the review should be shared with the Council during the review of the proposed budget.

These policies address both the need for a long-term view and the fundamental principle of a balanced budget. At a minimum, the Municipality should adopt policies that support.

#### **Recommendation:**

- A. Balanced Budget - That** Matjhabeng Municipality adopt the policy of commitment to a balanced operating and capital budget under normal circumstances, and provides for disclosure when a deviation from a balanced budget is planned or when it occurs.
- B. Long-Range Planning - That** Matjhabeng Municipality adopt a policy(s) that supports a financial planning process that assesses the long-term financial implications of current and proposed operating and capital budgets. This requires that the long term financial impact of all budget decisions be included in the budgets including maintenance cost of new infrastructure.
- C. Asset Management - That** Matjhabeng Municipality adopt a policy that assess the condition of all major capital assets and plan for the ongoing financial commitments required to maximize the public's benefit and in accordance with GAMAP policy.
- D. Linkage of the IDP and Capital Budget - That** Matjhabeng Municipality adopt a policy whereby only projects identified in the IDP be included in the Capital Budget
- E. Separate Multi-year Capital Budget – That** Matjhabeng adopt a policy of preparing a separate 3 year Capital budget that includes financing plans to ensure a balanced Capital Budget.
- F. Total cost of Capital Projects – That** Matjhabeng Municipality adopt a policy where Council must consider the total cost covering all financial years until the project is operational and must consider the impact of future costs and revenues on the operational budget.

**Policy # 3 – Budget Policy****Background**

The Adoption of Budget Policies forms the framework upon which the Revenues and Expenditures of the Operating and Capital Budgets are constructed. This framework ensures the budgets are compiled using realistic assumptions. They also ensure that the budget estimates are sustainable in future years.

**A. Revenue Policies** - That Matjhabeng Municipality adopt the policy of budgeting for revenue projections that can realistically be collected and are sustainable. Understanding the revenue stream is essential to prudent planning. This policy seeks stability to avoid potential service disruptions caused by revenue shortfalls. At a minimum Matjhabeng should have policies that address:

- ❖ **Revenue Diversification** - That Matjhabeng adopt a policy that encourages a diversity of revenue sources in order to improve the ability to handle fluctuations in individual sources.
- ❖ **Tariffs** – That Matjhabeng adopt a policy that identify the manner in which tariffs are set and the extent to which they cover the cost of the service provided.
- ❖ **Use of One-time Revenues** – That Matjhabeng adopt a policy of discouraging the use of one-time revenues for ongoing expenditures and that all one time revenues are used to fund one-time expenditures.
- ❖ **Use of Unpredictable Revenues** – That Matjhabeng adopt a policy where on the collection of major revenue sources it considers unpredictable, a corresponding allowance for non collection be included in the Budget.
- ❖ **Revenue Management** – That Matjhabeng municipality adopt a policy that the approved credit control policy will be enforced to ensure a high rate of collection of the revenues owing to the Municipality

**B. Expenditure Policies** - The expenditures of the Municipality define the ongoing public service commitment. Prudent expenditure planning and accountability will ensure fiscal stability. At a minimum Matjhabeng should have policies that address:

- **Appropriation of funds for expenditure** – That Matjhabeng Municipality adopt a policy by which it incurs only those expenditures that are approved in the Budget and within the limits of the amounts appropriated for different votes in the approved Budget

- **Debt Capacity, Issuance, and Management** – That Matjhabeng Municipality adopt a policy that specifies appropriate uses for debt and identifies the maximum amount of debt and debt service is no greater than 20% of Gross Operating Expenditure.
- **Reserve or Stabilization Accounts** - That Matjhabeng adopt a policy to maintain a prudent level of financial resources to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. That this Reserve be capped at a maximum of 20% of Gross Operating Expenditures and be funded from any cash surpluses generated.
- **Operating/Capital Expenditure Accountability** - That Matjhabeng adopt a policy to compare actual expenditures to budget on a monthly basis and that staff be required to recommend actions that will bring into balance, if necessary.
- **Salary and Allowance costs** – That Matjhabeng adopt a policy whereby the cost of salaries and allowances do not exceed 36 % of Gross operating costs and that this policy be phased in over the next three years.

## **SUPPORTING TABLES**