

DR JS MOROKA LOCAL MUNICIPALITY



DRAFT ANNUAL BUDGET

2014/2015

“WE DEVELOP AS WE GROW”

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1. MAYORS REPORT

Honorable Speaker, it is the requirement in terms of Section 53 of the MFMA that the Executive Mayor provide a general political guidance over the budget process and the priorities that must guide the preparation of the budget.

The same piece of legislation further stipulates that the Executive Mayor must co-ordinate the annual revision of the integrated development plan in terms of Section 34 of MFMA and determine how the IDP is to be taken into account or revised for the purposes of the budget.

Section 16(2) stipulates among others that the mayor of the municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year.

In ensuring compliance to the above stated legislative requirements the following was done.

The first meeting of the budget steering committee took place on the 5th March 2014 where the specifics in terms of Section 53 of the MFMA were highlighted to the Accounting Officer.

The meeting of the IDP Rep forum took place on the 18th December 2013 and the IDP public participation process took place as follows;

DATE	TIME	VENUE	WARDS	VILLAGES
14 August 2013	14H00	Phake Ratlhagane Open space	28,29, 30 & 31	Mmamethake, Phake(Thabeng, Rankaile, Rebone, Ratlhagane), Masobe, Nokaneng, Dierefeng, Terateng
16 August 2013	14H00	Kabete Open Space	20, 21, 22 & 26	Senotlelo, GaMaria, Kabete, Matempule, Dihekeng, Lefiso, Lefisoane, Ramantsho, Loding, Sehoko, Semohlase
23 August 2013	14H00	Marapyane Open space	23, 24, 25 & 27	Marapyane, Mmaduma, Seabe, /Katjibane
27 August 2013	14H00	Digwale Open space	14, 15, 16, 17, 18 & 19	Digwale, Molapoamogale, Ronde-oog, Libangeni, Mbongo, Maphanga, Madubaduba, Makometsane and Mapotla
30 August 2013	10H00	Ramokgeletsane Open space	08, 09, 10, 11, 12, 13, 14, 1, 2, 3, 4, 5, 6, 7	Mthambothini, Gamorwe Meetsemadiba, Mabusabesala, Mmakola, Matshiding, Marothobolong, Manyebethwane, Dithabaneng, Skimming, Pieterskraal (Madlayedwa), Borolo. Kwa-Phaahla, Siyabuswa A, B, C, D & E,

				Makopanong, Toitskraal, Mrhononweni, Mabuyeni, Thabana, Ramokgeletsane
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Honorable Speaker, it should be noted that the approach adopted in compiling this budget has been very conservative taking into consideration that the municipal ability to raise revenue is very low although the collection rate moved from 8% to 41%.

The portion of own funding in the budget is directed to water demand management, sewer reticulation of ward 1 and the completion of Mathanjana Unit Office.

Now of late honorable Speaker it came to light that many municipalities in the country carry on with the acquisition of infrastructure asset without making any budgetary provision for the maintenance of such assets nor provisions for the replacement of such infrastructure asset when they reach their final stage of life span.

It should further noted that the poor maintenance or non maintenance of any asset drastically shortens the life span of the asset which automatically results into poor service delivery.

In addressing the above situation budgetary provisions have been made to cater for the maintenance of municipal capital assets as well as the replacement of capital assets when they reach their final stage of life span.

The outcome of the outlined budget process reflects the following as priorities of the Executive Mayor;

- Access to basic services and infrastructure
- Community development and social cohesion

An assessment has been made to see if is there an alignment between budget and the IDP and they have been found linking which makes both of them to be credible although an assessment by sector departments is still being awaited.

2. RESOLUTIONS

- 2.1** That Council approve the draft annual budget and appropriation of amounts for the different votes and for single year and multiyear capital expenditure
- 2.2** That Council approve the draft tariff structure for services provided by the municipality
- 2.3** That Council approve the draft measurable performance objectives for the annual budget
- 2.4** That Council approve all budget related policies and the amendments thereof.
- 2.5** That Council be exempted from the implementation and compliance to 5.6 CPI as reflected in NT Circular No. 70
- 2.6** That Council approve adjustment of 7.5% Household, 8,5% Government, 9.5% Business
- 2.7** That the draft annual budget be approved for public participation

3. EXECUTIVE SUMMARY

Honorable Speaker this draft budget is as a result of the following budget process schedule as approved by Council in terms of section 21 of the MFMA.

It should further be noted that the following are the legislative requirements;

In terms of Section 21 of the Municipal Finance Management Act 56 of 2003 (MFMA), the mayor of a municipality

- a) must co-ordinate the processes for preparing the annual budget and reviewing the municipality's Integrated Development Plan and budget related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget related policies are mutually consistent and credible

Section 53 of the MFMA requires the mayor to provide general political guidance over the budget process and the priorities that must guide the preparation of a budget

The municipality's service delivery priorities were reviewed in line with the legislative and regulatory frameworks prescribed by the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and National Treasury Guidelines. Projects were prioritized in order to ensure that the municipality is investing in high priority projects as informed by the IDP.

Honorable Speaker, it came to light that the municipal tariffs are not cost reflective which means the cost incurred by the municipality in service rendering, are not recovered, in a bid to address that, the 2014/15 tariff adjustments are not at 5.7 CPI as guided by the national treasury circular number 72. Instead they are adjusted as follows;

A household increased by 7.5%

Business increased by 9.5%

Government increased by 8.5%

In view of the above, honorable Speaker it is suggested that Council approves the exemption in complying to the mentioned national treasury circular and also approve the implementation of the mentioned tariff adjustment which ideally seeks to achieve a situation whereby the municipality covers the cost incurred through the payment of services by the consumers.

The following budget principles and guidelines directly informed the compilation of the 2014/15 draft budget:

- The 2013/14 Budget performance
- Tariff and property rate increases affordability and the fact that they should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition the fact that tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

In view of the abovementioned, the following table is a consolidated overview of the 2014/15 draft Revenue and Expenditure budget

Table 1:

REVENUE & EXPENDITURE SUMMARY	DRAFT BUDGET 2014/2015	2015/2016	2016/2017
REVENUE	479,947,873	532,065,051	542,642,028
OPERATIONAL EXPENDITURE	(355,342,801)	(386,979,841)	(413,294,470)
CAPITAL EXPENDITURE	(124,605,072)	(136,952,000)	(127,000,000)
SURPLUS/(DEFICIT)	-	8,133,210	2,347,558

Total projected revenue for 2014/2015 financial year is at R479,947,873 and the total operating expenditure for the 2014/15 financial year has been appropriated at R355,342,801 which makes 74% of the total draft budget.

The capital budget is 26 per cent of the total draft.

National Division of Revenue Bill allocations reflect the appropriation of Grants such as MIG, while there are strict conditions and processes for municipalities to access and retain the funding. The municipality should therefore ensure that it strives by all means to meet the conditions of the grant in order to ensure that service delivery is not disadvantaged.

3.1 DRAFT OPERATING REVENUE

For the municipality to continue improving the quality of services provided to its community it needs to generate the required revenue. In these tough economic times strong revenue management is essential to the financial sustainability of every municipality. The reality is that the municipality is faced with development backlogs and poverty. The expenditure required to address these challenges will certainly always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

Table 2: The following table is a summary of the 2012/13 MTREF (classified by own revenue source):

OWN REVENUE BY SOURCE	DRAFT BUDGET 2014/2015	2015/2016	2016/2017
PROPERTY RATES	(6,862,253)	(7,298,954)	(7,787,112)
WATER & SANITATION	(31,203,435)	(33,044,438)	(34,994,059)
WASTE	(2,700,556)	(2,859,889)	(3,028,622)
CEMETERY	(187,443)	(198,502)	(210,214)
FACILITIES	(172,363)	(182,532)	(193,302)
INTEREST ON INVESTMENT	(14,161,000)	(14,996,499)	(15,881,292)
INTEREST ON OUTSTANDING DEBTS	(9,450,000)	(10,007,550)	(10,597,995)
TRAFFIC FINES	(195,915)	(207,474)	(219,715)
MOTOR LICENSING	(3,633,959)	(3,848,363)	(4,075,416)
TRADING LICENCES	(95,000)	(100,320)	(105,938)
APPLIC FOR TRADING LICENCE	(15,750)	(16,632)	(17,563)
SUNDRY INCOME	(174,800)	(184,589)	(194,926)
APPLICATION FOR TENDER DEPOSIT	(1,000,000)	(1,063,850)	(1,131,300)
INTEREST ON TRADING LICENSE	(4,500)	(4,752)	(5,018)
UNALLOCATED DEPOSITS	(90,000)	(95,040)	(100,362)
ADVERTISING PREMEDIA	(55,440)	(58,545)	(61,823)
SALES OF STANDS	(422,400)	(446,054)	(471,033)
BUILDING PLAN FEES	(105,600)	(111,514)	(117,758)
PHOTO COPY	(30,000)	(31,680)	(33,454)
CLEARANCE CERTIFICATE	(2,000)	(2,112)	(2,230)
RENTAL OF SITES	(434,949)	(459,306)	(485,027)
REGISTRATION PROPERTY TRANSFER	(9,450)	(9,979)	(10,538)
RENATAL OF STALLS	(15,750)	(16,632)	(17,563)
TOTAL	(71,022,563)	(75,245,205)	(79,742,264)

The total funding or the expected revenue of the draft annual budget is R 479,947,873 which is 85% of total grants and subsidies and 15% of own revenue projected. The following tables illustrate the income by type:

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

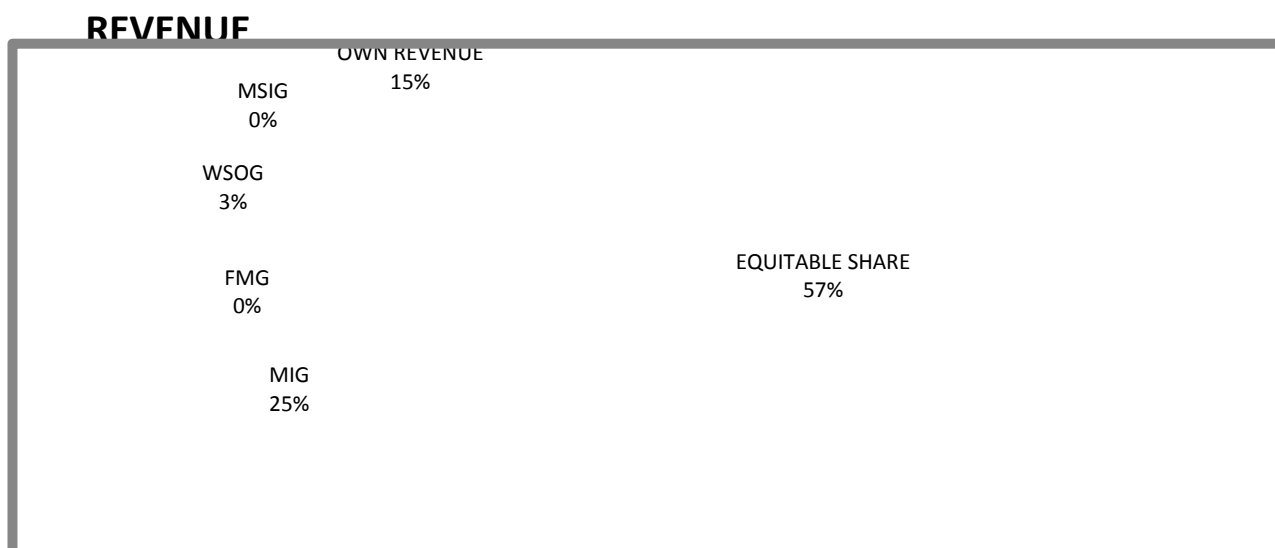
Table 3: the following table illustrates the Grant Receipts

GRANT	ADJUSTED BUDGET 2013/2014	DRAFT BUDGET 2014/2015	2015/2016	2016/2017
FINANCE MANAGEMENT GRANT	1,550,000	1,600,000	1,650,000	1,700,000
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	890,000	934,000	967,000	1,018,000
EXPANDED PUBLIC WORKS PROGRAMME	3,096,000	3,406,000	-	-
WATER SERVICE OPERATING SUBSIDY GRANT	10,925,000	15,000,000	10,000,000	-
MUNICIPAL INFRASTRUCTURE GRANT	111,244,000	116,875,000	121,952,000	127,594,000
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME	3,900,000	-	7,000,000	10,000,000
WATER SERVICE OPERATING SUBSIDY (IN-KIND)	-	300,000	400,000	520,000
EQUITABLE SHARE	248,190,000	270,810,000	314,851,000	322,068,000
KRONFONTEIN MINE	3,930,000			
TOTAL	383,725,000	408,925,000	456,820,000	462,900,000

Grants and transfers comprise 85% and 8% growth in Equitable Share allocation from R248,190,000 to R270,810,000 is reflected.

4.3% OF Municipal Infrastructure Grant (MIG) has been allocated to the operational budget (Budget Financial Performance) that is directly related to the planning and management of infrastructure projects as guided by circular 59 of the MFMA

The following graph gives a breakdown of the main revenue categories for 2014/2015 financial year.

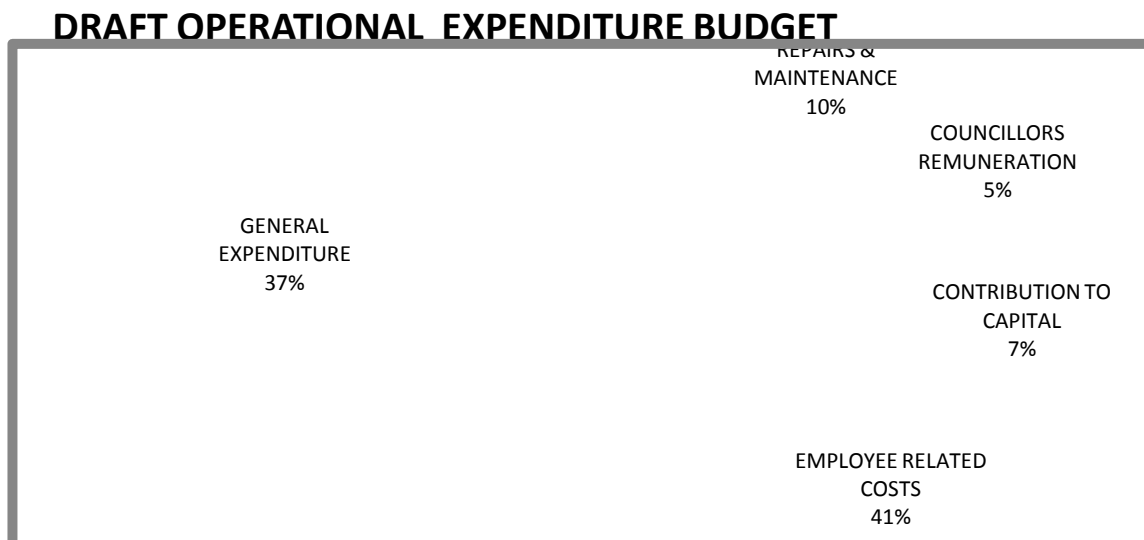


3.2 DRAFT OPERATING EXPENDITURE FRAMEWORK

The following table is a high level summary of the 2014/15 draft budget (classified per main type of operating expenditure):

Table 4: Summary of operating expenditure by type

OPERATING EXPENDITURE BY TYPE	ADJUSTED BUDGET 2013/2014	DRAFT BUDGET 2014/2015	2015/2016	2016/2017
EMPLOYEE RELATED COSTS	123,260,000	147,181,952	157,190,325	167,879,267
COUNCILLORS REMUNERATION	16,094,351	18,583,255	19,512,418	20,488,039
GENERAL EXPENSES	139,776,652	129,650,894	136,911,344	144,578,379
CONTRIBUTION TO CAPITAL	23625524	23,651,000	24,975,456	26,374,082
REPAIRS & MAINTENANCE	24,800,000	36,275,700	38,307,139	40,452,339
TOTAL	327,556,527	355,342,801	376,896,682	399,772,105



The draft operating expenditure is at R355,342,801 and provision for bad debts that amounts to R35,700,000 and provision for depreciation that amounts to R140,000,000 has been made. Operating expenditure has increased by 8 per cent when compared to the 2013/2014 budget.

Major contribution factors to the expenditure budget are the vacant position that are intended to be filled in 2014/2015 financial year and other resources that will enable the municipality to deliver the service to the community.

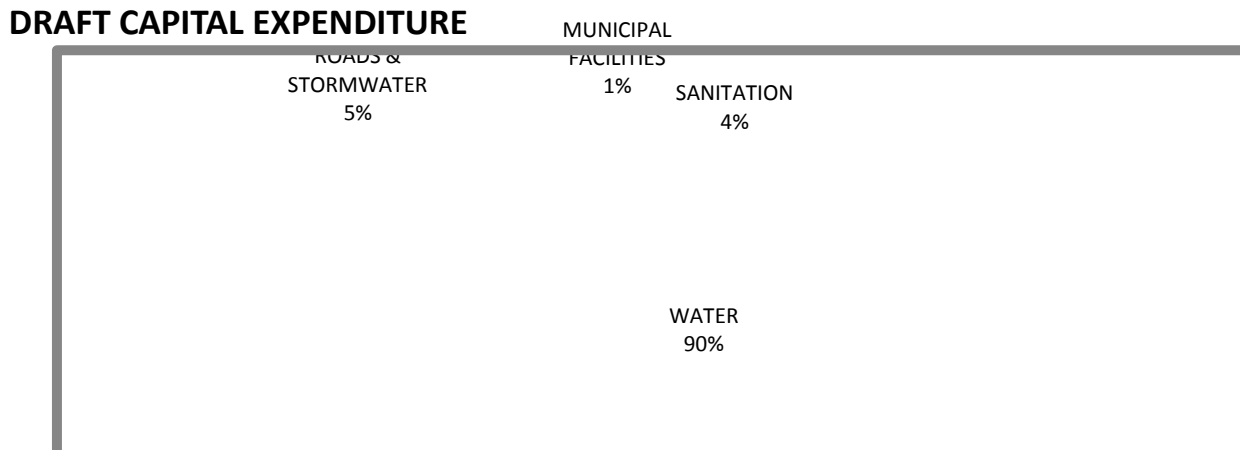
3.3 DRAFT CAPITAL EXPENDITURE

The Draft Capital budget is financed both internally and externally through MIG and Council funds. The total draft capital budget for 2014/2015 financial year is R124,604,982

Table 5: The following table illustrates the Draft Capital Expenditure by vote

CAPITAL EXPENDITURE BY TYPE	DRAFT BUDGET 2014/2015	2015/2016	2016/2017
WATER	112,483,910	45,000,000	29,000,000
LED	-	-	9,000,000
SANITATION	5,200,000	42,000,000	63,000,000
ROADS & STORMWATER	5,921,072	32,500,000	33,000,000
FACILITIES	1,000,000	25,952,000	-
TOTAL	124,604,982	145,452,000	134,000,000

Below chart illustrates the draft capital expenditure



The draft capital budget complies with the Municipal Structures Act and MFMA as its aligns with the Draft IDP as adopted by Council

The budgetary allocations for draft capital expenditure have been undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also lead to the municipality’s vision being realized.

4. DRAFT BUDGET TABLES

MP316 Dr J.S. Moroka - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	2,010	3,555	5,559	6,099	6,099	6,099	4,629	6,862	7,299	7,787
Service charges	20,960	62,857	29,097	56,240	29,057	29,057	22,775	34,091	36,102	38,232
Investment revenue	11,579	10,206	8,814	12,400	10,400	10,400	13,823	14,161	14,996	15,881
Transfers recognised - operational	282,325	274,095	341,101	273,625	273,625	273,625	273,625	297,076	333,966	331,686
Other own revenue	19,071	42,651	38,553	22,586	16,659	16,659	15,213	15,898	16,847	17,841
Total Revenue (excluding capital transfers and contributions)	335,945	393,364	423,124	370,950	335,840	335,840	330,065	368,087	409,210	411,427
Employee costs	79,183	83,649	104,523	107,851	123,260	123,260	116,155	147,182	165,114	176,342
Remuneration of councillors	14,502	14,651	16,394	15,604	16,094	16,094	15,264	18,583	18,048	19,275
Depreciation & asset impairment	38,582	-	113,580	-	140,000	-	-	140,000	-	-
Finance charges	167	915	326	-	300	300	248	350	370	390
Materials and bulk purchases	-	91,619	24,124	21,325	24,800	24,800	20,763	36,276	38,743	41,377
Transfers and grants	-	-	-	45,473	56,013	56,013	40,430	5,465	5,837	6,234
Other expenditure	100,804	43,098	165,035	142,330	193,672	159,672	152,902	183,187	158,835	169,641
Total Expenditure	233,238	233,932	423,981	332,583	554,139	380,139	345,763	531,043	386,947	413,259
Surplus/(Deficit)	102,706	159,433	(857)	38,367	(218,299)	(44,299)	(15,698)	(162,955)	22,264	(1,832)
Transfers recognised - capital	-	-	-	110,100	156,900	-	156,900	111,849	122,854	131,214
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	102,706	159,433	(857)	148,467	(61,399)	(44,299)	141,202	(51,106)	145,118	129,382
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	102,706	159,433	(857)	148,467	(61,399)	(44,299)	141,202	(51,106)	145,118	129,382
Capital expenditure & funds sources										
Capital expenditure	-	-	-	129,880	190,985	190,985	144,411	124,605	136,952	127,000
Transfers recognised - capital	-	-	-	318,181	117,077	117,077	117,077	112,405	121,952	127,000
Public contributions & donations	-	-	-	3,930	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	58,850	75,740	75,740	27,334	12,200	15,000	-
Total sources of capital funds	-	-	-	380,961	192,817	192,817	144,411	124,605	136,952	127,000
Financial position										
Total current assets	156,207	187,243	228,719	402,184	402,184	402,184	540,686	346,887	364,231	1,882,443
Total non current assets	1,193,726	1,911,845	1,889,100	-	-	-	87,220	3,023,383	1,479,650	1,553,632
Total current liabilities	53,679	94,382	152,965	129,236	-	-	20	139,665	142,022	140,887
Total non current liabilities	9,666	11,439	-	-	-	-	-	-	-	-
Community wealth/Equity	1,286,588	1,993,267	1,964,532	272,948	-	-	627,886	3,230,605	1,701,860	3,295,188
Cash flows										
Net cash from (used) operating	108,932	138,945	132,805	148,572	112,600	112,600	127,634	124,605	144,747	128,992
Net cash from (used) investing	(71,297)	(109,964)	(102,353)	(129,880)	(192,817)	-	(144,411)	(124,605)	(136,952)	(127)
Net cash from (used) financing	(3,327)	664	(1,201)	20	-	-	9	50	55	60
Cash/cash equivalents at the year end	90,702	120,346	149,598	168,147	87,930	112,600	151,380	87,980	95,830	224,755
Cash backing/surplus reconciliation										
Cash and investments available	122,385	151,274	182,397	220,645	220,645	220,645	359,147	315,030	330,782	1,847,321
Application of cash and investments	39,732	83,984	125,175	(58,385)	(159,575)	(159,575)	(137,697)	2,984	(1,482)	(9,819)
Balance - surplus (shortfall)	82,653	67,290	57,222	279,030	380,220	380,220	496,844	312,046	332,264	1,857,140
Asset management										
Asset register summary (WDV)	-	-	87,098	-	-	-	2,926,941	2,926,941	91,581	96,160
Depreciation & asset impairment	38,582	-	113,580	-	140,000	-	140,000	140,000	-	-
Renewal of Existing Assets	-	52,295	-	26,090	44,017	-	-	70,807	32,500	33,000
Repairs and Maintenance	-	-	-	21,325	-	-	36,276	36,276	38,743	41,378
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	10,473	-	-	5,840	5,840	5,427	5,747
Households below minimum service level										
Water:	-	-	-	14	-	-	14	14	14	15
Sanitation/sewerage:	-	-	-	0	-	-	0	0	0	0
Energy:	-	-	-	2	-	-	2	2	2	2
Refuse:	-	-	-	0	-	-	0	0	0	0

MP316 Dr J.S. Moroka - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		-	-	378,272	413,931	446,821	-	434,992	484,425	492,134
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	378,272	413,931	446,821	-	434,992	484,425	492,134
Corporate services		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	1,918	380	345	-	360	381	404
Community and social services		-	-	1,918	380	345	-	360	381	404
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	13,837	4,883	5,044	-	10,496	11,147	11,863
Planning and development		-	-	620	3,641	2,300	-	6,862	7,299	7,787
Road transport		-	-	13,217	1,242	2,744	-	3,634	3,848	4,075
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	29,097	61,711	40,280	-	33,903	35,904	38,023
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	25,923	54,408	29,920	-	31,203	33,044	34,994
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	3,175	7,303	10,360	-	2,700	2,860	3,029
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	-	-	423,123	480,905	492,490	-	479,751	531,858	542,423
Expenditure - Standard										
<i>Governance and administration</i>		-	-	267,913	138,083	306,605	-	315,372	151,394	161,689
Executive and council		-	-	145,078	30,664	177,222	-	39,082	42,252	45,125
Budget and treasury office		-	-	96,290	76,765	96,552	-	234,547	63,781	68,118
Corporate services		-	-	26,544	30,654	32,831	-	41,744	45,362	48,446
<i>Community and public safety</i>		-	-	40,992	63,697	83,589	-	81,159	86,998	92,914
Community and social services		-	-	24,933	24,158	28,143	-	30,498	32,572	34,787
Sport and recreation		-	-	910	2,336	1,869	-	1,849	2,296	2,452
Public safety		-	-	15,148	37,010	53,577	-	48,599	51,904	55,433
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	192	-	-	213	227	243
<i>Economic and environmental services</i>		-	-	20,810	16,690	21,045	-	35,952	39,887	42,599
Planning and development		-	-	16,288	11,617	15,124	-	27,247	28,423	30,356
Road transport		-	-	4,522	5,073	5,921	-	8,705	11,464	12,243
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	94,267	114,114	142,900	-	98,559	108,669	116,058
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	66,137	51,618	55,100	-	66,775	75,043	80,146
Waste water management		-	-	18,397	50,091	69,847	-	20,165	21,536	23,000
Waste management		-	-	9,733	12,405	17,953	-	11,620	12,089	12,911
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	-	-	423,981	332,584	554,139	-	531,043	386,948	413,260
Surplus/(Deficit) for the year		-	-	(858)	148,321	(61,649)	-	(51,291)	144,910	129,162

MP316 Dr J.S. Moroka - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMIN		-	-	378,272	413,931	446,821	-	434,992	484,425	492,134
Vote 3 - COMMUNITY AND SOCIAL SERVICE		-	-	1,918	380	345	-	360	381	404
Vote 4 - PLANNING AND DEVELOPMENT		-	-	620	3,641	2,300	-	6,862	7,299	7,787
Vote 5 - SPORTS AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 6 - ROADS TRANSPORT		-	-	13,217	1,242	2,744	-	3,634	3,848	4,075
Vote 7 - WASTE MANAGEMENT		-	-	3,175	7,303	10,360	-	2,700	2,860	3,029
Vote 8 - WASTE WATER MANAGEMENT		-	-	25,923	54,408	29,920	-	31,203	33,044	34,994
Vote 9 - PUBLIC SAFETY		-	-	-	250	250	-	196	207	220
Vote 10 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 11 - WATER		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	423,123	481,155	492,740	-	479,947	532,065	542,642
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	145,078	30,664	177,222	-	39,082	42,252	45,125
Vote 2 - FINANCE AND ADMIN		-	-	122,835	107,419	129,383	-	276,290	109,142	116,564
Vote 3 - COMMUNITY AND SOCIAL SERVICE		-	-	24,933	24,350	28,341	-	30,711	32,799	35,030
Vote 4 - PLANNING AND DEVELOPMENT		-	-	16,288	11,617	15,124	-	27,247	28,423	30,356
Vote 5 - SPORTS AND RECREATION		-	-	910	2,336	1,869	-	1,849	2,296	2,452
Vote 6 - ROADS TRANSPORT		-	-	4,522	5,073	5,921	-	8,705	11,464	12,243
Vote 7 - WASTE MANAGEMENT		-	-	9,733	12,405	17,953	-	11,620	12,089	12,911
Vote 8 - WASTE WATER MANAGEMENT		-	-	84,534	101,709	124,748	-	86,939	96,579	103,147
Vote 9 - PUBLIC SAFETY		-	-	14,491	17,124	19,058	-	23,460	25,055	26,759
Vote 10 - ELECTRICITY		-	-	657	19,886	34,519	-	25,139	26,848	28,674
Vote 11 - WATER		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	423,981	332,584	554,138	-	531,043	386,948	413,260
Surplus/(Deficit) for the year	2	-	-	(858)	148,571	(61,398)	-	(51,095)	145,117	129,382

MP316 Dr J.S. Moroka - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	2,010	3,555	5,559	6,099	6,099	6,099	-	6,862	7,299	7,787
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	18,199	59,993	22,915	51,415	22,977	22,977	-	28,657	30,370	32,186
Service charges - sanitation revenue	2	108	8	3,007	2,050	3,600	3,600	-	2,547	2,674	2,808
Service charges - refuse revenue	2	2,653	2,856	3,175	2,565	2,300	2,300	-	2,700	2,860	3,029
Service charges - other					210	180	180		187	199	210
Rental of facilities and equipment		1,190	1,557	1,918	210	165	165		172	183	193
Interest earned - external investments		11,579	10,206	8,814	12,400	10,400	10,400		14,161	14,996	15,881
Interest earned - outstanding debtors		7,850	12,180	13,217	9,000	9,000	9,000		9,450	10,008	10,598
Dividends received											
Fines					250	250	250		196	207	220
Licences and permits		2,824	2,759	2,898	900	2,404	2,404		2,642	3,848	4,075
Agency services					342	340	340		982		
Transfers recognised - operational		282,325	274,095	341,101	273,625	273,625	273,625		297,076	333,966	331,686
Other revenue	2	6,302	25,806	20,521	11,884	4,500	4,500	-	2,456	2,601	2,755
Gains on disposal of PPE		905	349								
Total Revenue (excluding capital transfers and contributions)		335,945	393,364	423,124	370,950	335,840	335,840	-	368,087	409,210	411,427
Expenditure By Type											
Employee related costs	2	79,183	83,649	104,523	107,851	123,260	123,260	-	147,182	165,114	176,342
Remuneration of councillors		14,502	14,651	16,394	15,604	16,094	16,094		18,583	18,048	19,275
Debt impairment	3	19,123	43,098	20,982	34,000	34,000			35,700		
Depreciation & asset impairment	2	38,582	-	113,580	-	140,000	-	-	140,000	-	-
Finance charges		167	915	326		300	300		350	370	390
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8		91,619	24,124	21,325	24,800	24,800		36,276	38,743	41,377
Contracted services		-	-	-	13,340	23,129	23,129	-	24,220	25,739	27,288
Transfers and grants		-	-	-	45,473	56,013		-	5,465	5,837	6,234
Other expenditure	4, 5	81,681	-	144,053	94,990	136,543	136,543	-	123,267	133,096	142,353
Loss on disposal of PPE											
Total Expenditure		233,238	233,932	423,981	332,583	554,139	324,126	-	531,043	386,947	413,259
Surplus/(Deficit)		102,706	159,433	(857)	38,367	(218,299)	11,714	-	(162,955)	22,264	(1,832)
Transfers recognised - capital					110,100	156,900			111,849	122,854	131,214
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		102,706	159,433	(857)	148,467	(61,399)	11,714	-	(51,106)	145,118	129,382
Taxation											
Surplus/(Deficit) after taxation		102,706	159,433	(857)	148,467	(61,399)	11,714	-	(51,106)	145,118	129,382
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		102,706	159,433	(857)	148,467	(61,399)	11,714	-	(51,106)	145,118	129,382
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		102,706	159,433	(857)	148,467	(61,399)	11,714	-	(51,106)	145,118	129,382

MP316 Dr J.S. Moroka - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMIN		-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY AND SOCIAL SERVICE		-	-	-	16,000	22,150	22,150	17,000	1,000	25,952	-
Vote 4 - PLANNING AND DEVELOPMENT		-	-	-	1,000	4,448	4,448	3,500	-	-	-
Vote 5 - SPORTS AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 6 - ROADS TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 7 - WASTE MANAGEMENT		-	-	-	3,930	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		-	-	-	44,248	70,227	70,227	59,200	11,121	65,000	96,000
Vote 9 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 10 - ELECTRICITY		-	-	-	3,900	4,301	4,301	4,000	-	-	-
Vote 11 - WATER		-	-	-	60,802	89,858	89,858	60,711	112,484	46,000	31,000
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	129,880	190,985	190,985	144,411	124,605	136,952	127,000
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMIN		-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY AND SOCIAL SERVICE		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - SPORTS AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 6 - ROADS TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 7 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 10 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 11 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	-	129,880	190,985	190,985	144,411	124,605	136,952	127,000
Capital Expenditure - Standard											
Governance and administration		-	-	-	-	-	-	-	-	-	-
Executive and council											
Budget and treasury office											
Corporate services											
Community and public safety		-	-	-	16,000	22,150	22,150	17,000	1,000	-	-
Community and social services					16,000	22,150	22,150	17,000	1,000		
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		-	-	-	1,000	4,448	4,448	3,500	-	-	-
Planning and development					1,000	4,448	4,448	3,500			
Road transport											
Environmental protection											
Trading services		-	-	-	112,880	164,387	164,387	123,911	123,605	136,952	127,000
Electricity					3,900	4,301	4,301	4,000			
Water					60,802	89,858	89,858	60,711	112,484	46,000	31,000
Waste water management					44,248	70,227	70,227	59,200	11,121	65,000	96,000
Waste management					3,930					25,952	
Other											
Total Capital Expenditure - Standard	3	-	-	-	129,880	190,985	190,985	144,411	124,605	136,952	127,000
Funded by:											
National Government					106,200	102,252	102,252	102,252	112,405	121,952	127,000
Provincial Government						3,900	3,900	3,900			
District Municipality					24,800	-	-	-			
Other transfers and grants					187,181	10,925	10,925	10,925			
Transfers recognised - capital	4	-	-	-	318,181	117,077	117,077	117,077	112,405	121,952	127,000
Public contributions & donations	5				3,930						
Borrowing	6										
Internally generated funds	7				58,850	75,740	75,740	27,334	12,200	15,000	
Total Capital Funding	7	-	-	-	380,961	192,817	192,817	144,411	124,605	136,952	127,000

MP316 Dr J.S. Moroka - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		90,540	120,184	149,435	29,645	29,645	29,645	168,147	149,435	156,907	1,664,752
Call investment deposits	1	31,845	31,090	32,962	191,000	191,000	191,000	191,000	165,595	173,875	182,568
Consumer debtors	1	7,154	25,684	33,684	181,539	181,539	181,539	181,539	9,798	10,288	10,802
Other debtors		16,294	1,783	5,068					4,812	5,053	5,306
Current portion of long-term receivables		4,423	443	2,305					10,352	10,870	11,413
Inventory	2	5,950	8,058	5,265					6,895	7,240	7,602
Total current assets		156,207	187,243	228,719	402,184	402,184	402,184	540,686	346,887	364,231	1,882,443
Non current assets											
Long-term receivables									149,222	156,683	164,517
Investments											
Investment property				86,969				86,969	86,969	91,317	95,883
Investment in Associate											
Property, plant and equipment	3	1,193,726	1,911,845	1,802,002	-	-	-	-	2,786,941	1,231,386	1,292,955
Agricultural											
Biological											
Intangible				129				251	251	264	277
Other non-current assets											
Total non current assets		1,193,726	1,911,845	1,889,100	-	-	-	87,220	3,023,383	1,479,650	1,553,632
TOTAL ASSETS		1,349,933	2,099,088	2,117,819	402,184	402,184	402,184	627,906	3,370,270	1,843,881	3,436,076
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits					20			20	50	53	55
Trade and other payables	4	53,679	94,382	138,850	129,216	-	-	-	139,615	141,969	140,832
Provisions				14,114							
Total current liabilities		53,679	94,382	152,965	129,236	-	-	20	139,665	142,022	140,887
Non current liabilities											
Borrowing		788	1,051	-	-	-	-	-	-	-	-
Provisions		8,879	10,388	-	-	-	-	-	-	-	-
Total non current liabilities		9,666	11,439	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		63,345	105,821	152,965	129,236	-	-	20	139,665	142,022	140,887
NET ASSETS	5	1,286,588	1,993,267	1,964,855	272,948	402,184	402,184	627,886	3,230,605	1,701,860	3,295,188
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1,286,588	1,993,267	1,964,532	272,948			627,886	3,230,605	1,701,860	3,295,188
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	1,286,588	1,993,267	1,964,532	272,948	-	-	627,886	3,230,605	1,701,860	3,295,188

MP316 Dr J.S. Moroka - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		24,467	41,156	25,836	87,761	45,546	45,546	32,325	47,412	50,241	53,263
Government - operating	1	297,688	232,343	234,124	265,850	265,850	265,850	265,850	297,076	333,966	331,686
Government - capital	1		91,325	127,526	115,144	161,944	161,944	161,400	111,849	122,854	131,214
Interest		11,579	10,206	8,814	12,400	19,400	19,400	13,823	23,611	25,004	26,479
Dividends											
Payments											
Suppliers and employees		(224,843)	(225,590)	(263,355)	(279,110)	(323,826)	(323,826)	(305,085)	(349,528)	(381,111)	(407,026)
Finance charges		42	(160)	(139)		(300)	(300)	(248)	(350)	(370)	(390)
Transfers and Grants	1		(10,335)		(53,473)	(56,014)	(56,014)	(40,430)	(5,465)	(5,837)	(6,234)
NET CASH FROM/(USED) OPERATING ACTIVITIES		108,932	138,945	132,805	148,572	112,600	112,600	127,634	124,605	144,747	128,992
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				(102,353)							
Decrease (increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
Payments											
Capital assets		(71,297)	(109,964)		(129,880)	(192,817)		(144,411)	(124,605)	(136,952)	(127)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(71,297)	(109,964)	(102,353)	(129,880)	(192,817)	-	(144,411)	(124,605)	(136,952)	(127)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing				(1,201)							
Increase (decrease) in consumer deposits					20			9	50	55	60
Payments											
Repayment of borrowing		(3,327)	664								
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3,327)	664	(1,201)	20	-	-	9	50	55	60
NET INCREASE/ (DECREASE) IN CASH HELD		34,308	29,645	29,251	18,712	(80,217)	112,600	(16,767)	50	7,850	128,925
Cash/cash equivalents at the year begin:	2	56,394	90,702	120,346	149,435	168,147		168,147	87,930	87,980	95,830
Cash/cash equivalents at the year end:	2	90,702	120,346	149,598	168,147	87,930	112,600	151,380	87,980	95,830	224,755

PART 2 – SUPPORTING DOCUMENTATION

5. BUDGET PROCESS OVERVIEW

MFMA, Chapter 4, as well as Circular 59 provide guidance on the steps in the annual budget process. Critical to the development of a credible budget are:
Consultation with the community and other stakeholders, as summarized below:

1. Political oversight and management of the budget process
2. Time schedule relating to the budget process
3. Process used to integrate the review of the IDP and preparation of the budget
4. Process for tabling of budget and community consultations

5.1 Political oversight of the budget process

The Council and Management convened various planning sessions to discuss political and strategic priorities that would inform the IDP/Budget review. Informal meetings were also convened with managers to discuss issues relevant to the budget. The budget steering committee meeting which comprises of both administration and political wing was also held on the 5th of March 2014 prior to the tabling of the budget for adoption to comment and make input on the draft annual budget.

5.2 Schedule of Key Deadlines relating to budget process [MFMA s 21(1)(b)]

The following time schedule of key deadlines for the preparation of the budget for the 2014/2015 medium term period was tabled to Council in August 2013 which 10 months before the start of the budget year.

Target Date	Activities	Responsible Party
31 July 2013	Planning begins for the next three year budget in accordance with co-ordination role of budget process MFMA sec 53 Co-ordinate the annual revision of the Integrated Development Plan in terms of Section 34 of the Municipal Systems Act and the preparation of the annual budget.	Executive Mayor Executive Mayor
31 August 2013	Tabling of the IDP/Budget Process Plan to Council before the start of the budget year which will outline key deadline for: <ul style="list-style-type: none"> • Preparation, tabling and approval of annual budget and IDP. • Annual review of the IDP • Annual review of the budget related policies • Tabling and adoption of any amendments to IDP and budget related policies • Consultative MFMA sec 21 MSA sec 34 Establishment of committees and consultation forums for the Budget processes Submission of the 2012/2013 Annual financial statements to the Auditor General MFMA sec 126	Executive Mayor Executive Mayor Accounting Officer
30 September 2013	Council through the IDP review processes determines strategic objectives for service delivery and development for next three year budgets	
30 November 2013	Final submission of Departmental Adjustment Budgets to Finance Department	HOD's

30 June 2014	Approval of Service Delivery and Budget Implementation Plan (SDBIP) within 28 days after the approval of the budget Finalize performance contracts and delegations MFMA sec 53	Executive Mayor Accounting Officer
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5.3 Overview of alignment of draft annual budget and Integrated Development Plan

The following is the process used to integrate the review of the IDP and preparation of the budget

This section provides a good understanding of what is contained in the IDP and how that guides the allocations in the draft budget. The draft budget documentation provides a good high-level overview of the IDP and reference is being made to the detailed IDP documentation. **(ANNEXURE)**

The following information obtained from the IDP is included in the budget document for ease of reference.

VISION

“An effective, efficient public institution delivering quality, sustainable services to better the lives of people”

MISSION

“Bettering the lives of its communities through: sustainable service delivery Provision of sustainable job, creation opportunities and public participation”

The IDP Steering Committee consisting of key political office bearers and senior management ensured that issues relating to the IDP and budget preparation are managed and dealt through an integrated and holistic approach. All IDP related matters having an impact on resource allocations and the budget in general are therefore handled more appropriately by the Steering Committee.

5.4 Process for tabling of budget and community consultation

In terms of section 16(2) of the MFMA, the mayor must table the draft annual budget at least 90 days before the start of the budget year.

After tabling the Draft Annual Budget to council the following is the Programme for community consultation in terms of Section 23 of the Municipal Finance Management Act

Below table indicates the propose dates for community consultation

DATE	VENUE	TIME
11 th April 2014	King Cluster	13H00
16 th April 2014	Lefiso Open Space	14H00
25 th April 2014	Nokaneng Cluster Hall	14H00

6. OVERVIEW OF BUDGET RELATED POLICIES

The following budget related policies are attached as **ANNEXURE**:

- ✓ Credit Control and Debt Collection Policy
- ✓ Indigent Policy
- ✓ Tariff Policy
- ✓ Property Rates Policy
- ✓ Budget Policy
- ✓ Investment Policy
- ✓ Transport Policy
- ✓ Asset Management Policy

A tariff policy of Dr J S Moroka Municipality is compiled in terms of Section 74 of the Local Government: Municipal Systems Act 2000, it covers, among other things, the levying of fees for municipal services provided by the municipality.

The objective of this Tariff Policy is to ensure the following:

- Tariffs must conform to acceptable policy principles;
- Municipal services must be sustainable;
- Tariffs must comply with the applicable legislation; and
- Tariffs should take indigent consumers into consideration

The tariff increase for the financial year 2014/2015 to be effective by 1 July 2014 is as follows:

Households 7.5%

Government 8.5%

Businesses 9.5%

7. Overview of Budget Assumptions

7.1 Expenditure

Salaries and Allowances

Salaries are increased by 6.8% and the councilor's remuneration increase will be approved by the Minister of Finance during 2014/2015 financial year.

General expenditure

It is assumed that costs for services and fuel will increase above the current inflation target of 5.6 %. It is also assumed that the capital projects for 2014/15 will be completed during the financial year.

Repairs and Maintenance

The total repairs and maintenance is 2% of the total infrastructure assets. It is assumed that municipal infrastructure and assets will be maintained as per previous years.

7.2 Revenue

Households

It is assumed that the total number of households in the municipal area (the tax base) will increase during the financial year.

Collection rate for municipal services

It is assumed that the collection rate for the financial year 2014/2015 will increase

Grants

It is assumed that the National and Provincial grants as per Division of Revenue Act (DORA) which has been included in the budget will be received during the 2014/15 financial year.

Indigents

It is assumed that the indigents will increase during the financial year as the municipality is busy with the process of data cleansing.

8. OVERVIEW OF BUDGET FUNDING

In terms of Section 18 of Municipal Finance Management Act, an annual budget may be funded from:

- ✓ Realistically anticipated revenues to be collected
- ✓ Cash backed accumulated funds from previous years surpluses not committed for other purposes
- ✓ Borrowed funds but only for the capital budget referred to in Section 17

The following table illustrates the Operating Transfers and Grant Allocations

GRANT	ADJUSTED BUDGET 2013/2014	DRAFT BUDGET 2014/2015	2015/2016	2016/2017
FINANCE MANAGEMENT GRANT	1,550,000	1,600,000	1,650,000	1,700,000
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	890,000	934,000	967,000	1,018,000
EXPANDED PUBLIC WORKS PROGRAMME	3,096,000	3,406,000	-	-
WATER SERVICE OPERATING SUBSIDY GRANT	10,925,000	15,000,000	10,000,000	-
MUNICIPAL INFRASTRUCTURE GRANT	111,244,000	116,875,000	121,952,000	127,594,000
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME	3,900,000	-	7,000,000	10,000,000
WATER SERVICE OPERATING SUBSIDY (IN-KIND)	-	300,000	400,000	520,000
EQUITABLE SHARE	248,190,000	270,810,000	314,851,000	322,068,000
KRONFONTEIN MINE	3,930,000			
TOTAL	383,725,000	408,925,000	456,820,000	462,900,000

9. COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

MP316 Dr J.S. Moroka - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1	14,502	14,651		10,105	10,700	10,700	12,919	11,999	12,815
Pension and UIF Contributions					1,500	1,368	1,368	1,437	1,535	1,639
Medical Aid Contributions					480	404	404	425	454	485
Motor Vehicle Allowance					3,519	3,622	3,622	3,803	4,062	4,338
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		14,502	14,651	-	15,604	16,094	16,094	18,583	18,049	19,277
% increase	4		1.0%	(100.0%)	-	3.1%	-	15.5%	(2.9%)	6.8%
Senior Managers of the Municipality										
Basic Salaries and Wages	2	2,330	2,886		1,184	3,364	3,364	3,625	4,911	5,245
Pension and UIF Contributions		185			350	573	573	1,105	1,180	1,260
Medical Aid Contributions					200	100	100	256	274	292
Overtime					1	6	6	15	16	17
Performance Bonus					90	321	321	400	428	457
Motor Vehicle Allowance	3				120	309	309	309	330	353
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3	310			60	12	12	4		
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		2,826	2,886	-	2,006	4,685	4,685	5,714	7,139	7,624
% increase	4		2.1%	(100.0%)	-	133.6%	-	22.0%	24.9%	6.8%
Other Municipal Staff										
Basic Salaries and Wages		52,875	52,430		68,687	79,466	79,466	84,852	97,506	104,136
Pension and UIF Contributions		9,696	10,098		16,500	17,169	17,169	30,226	32,281	34,476
Medical Aid Contributions		2,815	3,094		4,123	4,995	4,995	7,555	8,069	8,618
Overtime		3,823	3,682		4,200	5,762	5,762	4,136	4,417	4,717
Performance Bonus		3,773	7,267		6,100	7,669	7,669	9,552	10,202	10,496
Motor Vehicle Allowance	3	1,548	2,109		1,500	1,909	1,909	1,840	1,966	2,099
Cellphone Allowance	3				-			79	84	90
Housing Allowances	3	1,430	1,441		1,735	1,267	1,267	1,024	1,094	1,168
Other benefits and allowances	3	280	642		3,000	338	338	2,203	2,355	2,916
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		76,240	80,763	-	105,845	118,575	118,575	141,468	157,974	168,717
% increase	4		5.9%	(100.0%)	-	12.0%	-	19.3%	11.7%	6.8%
Total Parent Municipality		93,568	98,300	-	123,455	139,354	139,354	165,765	183,162	195,618
			5.1%	(100.0%)	-	12.9%	-	19.0%	10.5%	6.8%

10. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

MP316 Dr J.S. Moroka - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Revenue by Vote																	
Vote 1 - EXECUTIVE AND COUNCIL														-	-	-	
Vote 2 - FINANCE AND ADMIN		36,249	36,249	36,249	36,249	36,249	36,249	36,249	36,249	36,249	36,249	36,249	36,249	36,249	434,992	484,425	492,134
Vote 3 - COMMUNITY AND SOCIAL SERVICE		30	30	30	30	30	30	30	30	30	30	30	30	30	360	381	404
Vote 4 - PLANNING AND DEVELOPMENT		572	572	572	572	572	572	572	572	572	572	572	572	572	6,862	7,299	7,787
Vote 5 - SPORTS AND RECREATION														-	-	-	
Vote 6 - ROADS TRANSPORT		303	303	303	303	303	303	303	303	303	303	303	303	3,634	3,848	4,075	
Vote 7 - WASTE MANAGEMENT		225	225	225	225	225	225	225	225	225	225	225	225	2,700	2,860	3,029	
Vote 8 - WASTE WATER MANAGEMENT		2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,203	33,044	34,994	
Vote 9 - PUBLIC SAFETY		16	16	16	16	16	16	16	16	16	16	16	16	196	207	220	
Vote 10 - ELECTRICITY														-	-	-	
Vote 11 - WATER														-	-	-	
Vote 12 - [NAME OF VOTE 12]														-	-	-	
Vote 13 - [NAME OF VOTE 13]														-	-	-	
Vote 14 - [NAME OF VOTE 14]														-	-	-	
Vote 15 - [NAME OF VOTE 15]														-	-	-	
Total Revenue by Vote		39,996	39,996	39,996	39,996	39,996	39,996	39,996	39,996	39,996	39,996	39,996	39,996	479,947	532,065	542,642	
Expenditure by Vote to be appropriated																	
Vote 1 - EXECUTIVE AND COUNCIL		3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	2,817	39,082	42,252	45,125	
Vote 2 - FINANCE AND ADMIN		23,059	23,059	23,059	23,059	23,059	23,059	23,059	23,059	23,059	23,059	23,059	22,641	276,290	109,142	116,564	
Vote 3 - COMMUNITY AND SOCIAL SERVICE		2,559	2,559	2,559	2,559	2,559	2,559	2,559	2,559	2,559	2,559	2,559	2,559	30,711	32,799	35,030	
Vote 4 - PLANNING AND DEVELOPMENT		2,291	2,291	2,291	2,291	2,291	2,291	2,291	2,291	2,291	2,291	2,291	2,051	27,247	28,423	30,356	
Vote 5 - SPORTS AND RECREATION		179	179	179	179	179	179	179	179	179	179	179	(121)	1,849	2,296	2,452	
Vote 6 - ROADS TRANSPORT		895	895	895	895	895	895	895	895	895	895	895	(1,134)	8,705	11,464	12,243	
Vote 7 - WASTE MANAGEMENT		972	972	972	972	972	972	972	972	972	972	972	929	11,620	12,089	12,911	
Vote 8 - WASTE WATER MANAGEMENT		7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536	4,045	86,939	96,579	103,147	
Vote 9 - PUBLIC SAFETY		1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	23,460	25,055	26,759	
Vote 10 - ELECTRICITY		2,095	2,095	2,095	2,095	2,095	2,095	2,095	2,095	2,095	2,095	2,095	2,095	25,139	26,848	28,674	
Vote 11 - WATER														-	-	-	
Vote 12 - [NAME OF VOTE 12]														-	-	-	
Vote 13 - [NAME OF VOTE 13]														-	-	-	
Vote 14 - [NAME OF VOTE 14]														-	-	-	
Vote 15 - [NAME OF VOTE 15]														-	-	-	
Total Expenditure by Vote		44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	44,837	37,837	531,043	386,948	413,260	
Surplus/(Deficit) before assoc.		(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	2,158	(51,095)	145,117	129,382	
Taxation														-	-	-	
Attributable to minorities														-	-	-	
Share of surplus/ (deficit) of associate														-	-	-	
Surplus/(Deficit)	1	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	(4,841)	2,158	(51,095)	145,117	129,382	

11. LEGISLATION COMPLIANCE STATUS

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

11.1 In year reporting

Reporting to National Treasury in electronic format was complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has been adhered to

11.2 Internship programme

Dr JS Moroka Local municipality is participating in the Municipal Financial Management Internship programme, currently employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the municipality has successfully employed and trained seventeen interns through this programme.

11.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

11.4 Audit Committee

An Audit Committee has been established and is functional.

11.5 Service Delivery and Implementation Plan

The detail SDBIP will be finalised after approval of the 2014/15 Budget in June 2014 directly aligned and informed by the 2014/15 MTREF.

11.6 Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

12. DETAIL CAPITAL PLAN

DETAIL CAPITAL PLAN	AREA	SOURCE OF FUNDING	BUDGET 2014/2015	BUDGET 2015/2016	BUDGET 2016/2017
WATER					
Water Demand Management and Conservation	DRJSMLM	Council	6,000,000	-	
Ukukhanya Bulk Water Supply and Reticulation	Ward 19	Council	-	2,000,000.00	
Mkhombo Libangeni Bulk Water Supply Provision	Ward 16/17	Council	-	6,000,000.00	
Mmamethlake Water Reticulation, Borehole equipping and storage tank	Ward 29	MIG	-	7,000,000.00	8,000,000.00
Walkraal Reservoir to V3 Reservoir Bulk Water Supply	DRJSMLM	MIG	40,398,246	-	
Upgrading of Digwale Bulkline from 250mm AC to 400mm uPVC pipe	Ward 15,16,17 & 18	MIG	28,800,000	-	
Fixing and Re-Instating of Bloedfontein Bulk Line System		MIG	36,085,664	-	
Maphotla Bulk & Water Reticulation	Ward 14	MIG	1,200,000	-	
Madubaduba Bulk Line Supply	Ward 19	MIG	-	5,000,000	
Senotlelo Water Reticulation	Ward 20	MIG	-	5,000,000	
Phake Water Reticulation	Ward 30	MIG	-	-	
Ramantsho Water Reticulation Borehole equipping & storage tank	Ward 26	MIG	-	-	
Ga-Maria, Lefiso and Lefisoane Water	Ward 22	MIG	-	10,000,000	10,000,000.00
Seabe Water Reticulation	Ward 25	MIG	-	4,000,000	
Sehoko Water Reticulation	Ward 26	MIG	-	4,000,000	4,000,000.00
Masobe Water Reticulation	Ward 31	MIG	-	2,000,000	
Ga-Mogashwa Water Reticulation	Ward 26	MIG	-	4,000,000	4,000,000.00
Moletjie Water Reticulation	Ward 26	MIG	-	5,000,000	5,000,000.00
Replacement of asbestos pipes at Siyabuswa A	Ward 3 & 4	Council	-	6,000,000	6,000,000.00
Sub-Total			R 112,483,909.57	45,000,000	29,000,000

DETAIL CAPITAL PLAN	AREA	SOURCE OF FUNDING	BUDGET 2014/2015	BUDGET 2015/2016	BUDGET 2016/2017
SANITATION					
Construction of VIP toilets at Matshiding	Ward 12	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Nokaneng	Ward 28	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Katjibane	Ward 27	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Makopanong	Ward 2	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Maphotla	Ward 14	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Makometsane	Ward 19	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Lefisoane	Ward 22	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Libangeni	Ward 16	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Lefiso	Ward 22	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Mbhongo	Ward 17	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Maphanga	Ward 18	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Mmetsemadiba	Ward 10	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Ramokgeletsane	Ward 7	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Senotlelo	Ward 20	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Ga-Makola	Ward 11	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Mabusabusela	Ward 11	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Mmametlhake	Ward 29	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Marapyane	Ward 23	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Ga-Morwe	Ward 9 & 10	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Seabe	Ward 25	MIG	-	2,000,000	3,000,000.00
Construction of VIP toilets at Masobe	Ward 31	MIG	-	2,000,000	3,000,000.00
Sewer Reticulation at Siyabuswa D	Ward 1	Council	5,200,000	-	
Sub-Total			5,200,000	42,000,000	63,000,000

DETAIL CAPITAL PLAN	AREA	SOURCE OF FUNDING	BUDGET 2014/2015	BUDGET 2015/2016	BUDGET 2016/2017
ROADS & STOMWATER					
Upgrading of Makometsane Bus and taxi Route	Ward 19	MIG	-	6,000,000	12,000,000.00
Libangeni Storm Water Drainage	Ward 16/17	MIG	-	4,000,000	6,000,000.00
Upgrading of Marapyane Bus and Taxi Route	Ward 23	MIG	5,921,072	10,000,000	15,000,000.00
Mabuyeni Bus & Taxi Route	Ward 6	MIG	-	1,000,000	
Upgrading of Siyabuswa C Bus and Taxi Route	Ward 2	Council	-	3,500,000	
Upgrading of Siyabuswa B Bus and Taxi Route	Ward 5	Council	-	4,000,000	
Upgrading of phaahlamohlaka Bus and Taxi Route	Ward 1	Council	-	2,000,000	
Upgrading of Maphotla Bus and Taxi Route	Ward 14	MIG	-	2,000,000	
Sub-Total			5,921,072	32,500,000	33,000,000

DETAIL CAPITAL PLAN	AREA	SOURCE OF FUNDING	BUDGET 2014/2015	BUDGET 2015/2016	BUDGET 2016/2017
FACILITIES					
Construction of Mathanjana Unit Office	DRJSMLM	Council	1,000,000	-	
Construction of fencing around Municipalities Cemeteries in the Eastern Cluster Villages	DRJSMLM	MIG	-	4,000,000	
Construction of fencing around Municipalities Cemeteries in the Western Cluster Villages	DRJSMLM	MIG	-	2,000,000	
Construction of Municipal Offices Complex	DRJSMLM	Council	-	15,000,000	
Upgrading of Ga-Morwe (Phase 5)	Ward 10	MIG	-	4,952,000.00	
Sub-Total			1,000,000.00	25,952,000.00	

13. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I B.S Mahlangu, Municipal Manager of Dr JS Moroka Local Municipality, hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Benny Mahlangu

Municipal manager of Dr JS Moroka Local Municipality (MP316)

Date 02/04/2014