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## **PART 1**

### **1. MAYOR'S REPORT**

**Letsemeng Local Municipality**  
**Mayor's Report 2011-12 by Mayor Cllr. Muso Mpatshela**  
**13 May 2011**

Honourable Members of the Council  
Chief Whip  
Municipal Manager  
Heads of Department  
Distinguished guests  
Comrades and Friends

Kajeno re ka hara motsana wa Petrusburg o ileng wa thewa ka 1891, e le kereke ya Dutch Reform . Ho thehweng hwa oona o ne o itshetlehile temong. Baahi ba motsana ona ba 8000 feela. Kajeno re ka hare ho motsana wa Bolokanang. Re mona tlasa lenane la la Public Participation ho isa lekhotla la motse bathong.

Re ile ra tjho hore puso ya ANC ke puso ya setjhaba ka setjhaba. Re leboha Premier wa rona, mora Magashule, ka ho re kgothalletsa hore re tshoarele dikopano tsa Lekhotla la motse wa rona wa Letsemeng, hara Batho. Re tlile ka sepheo mona motseng wa Petrusburg Bolokanang. Batho ba Bolokanang ba fitile dinthong tse ngata tse seng monate, ha holo ka meroalela e ba neng e bona selemong sena. Mo Khoeding tse fetileng, yona holo ena e re leng ka hara yona, e ne e tlamele marobalo ho batho ba ileng be eba tswa sehlabelo ya meroalela.

Our coming to Bolokanang-Petrusburg today is a special tribute to Lovemore Koto for his contribution to the people of Bolokanang. This budget speech is intended to heal the wounds of the people of Bolokanang. Lelapa la ha Koto re nka motsotso ona ho le leboha ka bophelo ba ngwana wa lona.

Our presentation today will be based on a solid foundation, based on the IDP 5 year cycle that began in 2006 we are taking the process forward towards 2012. Allow me then to give account on the policy pronouncements and present the budget programmes for the financial year 2011/12.

#### **On demarcation processes**

We worked with the demarcation board to finalise both the Ward delimitations and the outer boundaries of municipalities. We acknowledge that the final determination of the demarcation board may not have produced the ideal results for our Municipality, however the current layout of wards will allow for more equitable constituency representation.

Re ne re e na le di-Wards tse 5, jwale di tla ba 7 on elections. Naha ya rona e tumme ka bokgoni ba ho tshwara dikgetho tse nang le khutso le kgotso tlasa boetapele bo hlwahlwa ba Independent Electoral Commission (IEC). Ka di 18

Motsheanong 2011, e tla be e le dikgetho tsa bo Masepala. Re kgothalletsa batho bohle ke hona, hore ba rate naha ya bona ba ye ba ilo Vouta ka kgutso le kgotso. Masepala wa rona le fuwe maikarabelo a ho tshehetso mosebetsi wa IEC. Re ba tsheheditse ka nako ya ho ingodisetsa dikgetho.

### **On service delivery**

In his State of the Province Address, our Honourable Premier, Ace Magashule stated that, "There can be no doubt that our people's experience with local government and human settlements service delivery, is a key contributor in their overall perception of government as a whole. Local government is at the coal face of service delivery, and we cannot be found wanting in our commitment and effort to ensure that this sphere of government operates at maximum efficiency and effective levels". In keeping with our Honourable Premier's directives, we hereby commit to optimally allocate the resources we have in order to maximise service delivery by ensuring that

- The municipality is run effectively and efficiently
- communities participate in all the necessary processes of the Municipality
- revenue collection is maximised
- All external grants are channelled towards the people's needs and that they are spent on time.

In a nutshell, we aim to live up to our motto, which say "we sparkle in excellence in service delivery. Our objective remains, unashamedly and without making any excuses, to become the best run Municipality. Period.

Though our challenges are many, and range from lack of ability to attract the necessary skills, to limited financial resources, we have come to accept them as stepping stones towards making Letsemeng a vibrant economically active community.

Lenanego la ngwaga lwa ditekanyetso tsa ditjelete, kapa yona Annual Budget, ya 2011-12 e itlhopile ka ntata ya gore ke ipaakanyetso ya dingwaga di le tlhano(5) tse di tlang e tla tsenngwang mo tirisong ke lekgotla lwa motse loo lo tla tlhophiwang mo kgweding eno ya Motsheganong 2011. Ka ga jalo le re neela tjono le monyetla wa go lebelela kwa morago go bona gore re dirile jang, le go baakanyetsa isago, re ntse re sekaseka ditshenyegelo le letseno, go bona fa di lekane to fitlhilela maikemesetso a setjaba a tlhagisiwang mo IDP'ng ya rona.

The Municipality's budget has therefore been compiled within the context of the planning framework, policies and priorities of national, provincial and district level. In essence, the spheres of Government are partners in meeting the service delivery challenges faced by Letsemeng Local Municipality. The municipality alone cannot entirely address these challenges. It requires support from other spheres of government through the direct allocation of financial and non-financial resources.

### **3.2 Objectives and challenges**

The municipality resources have been allocated with the objective of achieving key development priorities identified in the integrated development planning (IDP). These objectives include accelerated and improved basic service delivery to communities; financial viability and sustainability; good governance; facilitating economic development and job creation; improving municipal infrastructure; fighting poverty and building safe, secure and sustainable communities; and improving skills development to raise productivity.

The challenges that were experienced during the compilation of the annual budget can be summarised as follows: limited resources to adequately fund the growing needs; low cash reserves for financial resilience; tariffs that are not reflective of the cost of services provided; decline in revenue base and low payment rate for services; increase in cost of bulk water and bulk electricity; wage increase for municipal staff and providing for critical position; the need to re-prioritise projects and expenditure within the existing resource given the financial position of the municipality and low levels of repairs and maintenance of infrastructure assets.

*Ano ke ona mathata ao re iphitletseng re lebagane le lo ona fa re ne dira lenanego leno lwa ditjelete lwa 2011-12. Le fag gole jalo, re dirile ka bonatla gore bonnye bo re nang le bona, re leke go fitlhelela bontsi jwa ditlhokego tsa setjaba sa rona ka mokgwa o.*

### **3.4 Resource allocation**

The annual budget reflects the reality of the current budgetary pressures and economic conditions within Letsemeng municipality. The following budget principles and guidelines directly informed the compilation of the 2011-12 annual budget: delivering a realistic and funded budget; focusing on provision of basic services; improving the revenue base and payment rate for services provided; maintaining commitment to deliver quality services; improving the cash reserves to increase future capital investment capacity of the municipality.

### **3.5 Operating expenditure**

Therefore the municipality's resources have been allocated taking into consideration the priorities as set out during the State of the Nation Address (SOPA), State of the Provincial Address, and other guidelines as issued by other spheres of government. The National Treasury discourages municipalities from having unfunded and unrealistic budgets. To remain within this framework, it is imperative that the municipality allocates its resources in line with the priorities that are set in the Integrated Development Planning: The budget of the municipality for the 2011/12 is as follows:

Employee cost: Salaries	R17 746 233
Employee cost: Social contributions	R 5 946 723
Remuneration of Councillors	R 2 795 394

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Bulk: Electricity	R 14 415 945
Bulk: Water	R 1 980 000
Repairs and maintenance	R 3 450 727
Other expenditure	R 42 268 654

The operational budget has increased with R10.6 million from the adjustment budget. This is as result of providing for 6 per cent increase in employee related costs; providing for critical vacant positions within the Budget and Treasury Office; as well as increasing other expenditure items in line with the inflation guidelines provided by National Treasury on both MFMA Circular 54 and 55 respectively. Details regarding increases on the above expenditure items are explained in the latter part of this document.

### **3.6 Operating revenue**

The municipality's revenue strategy is built around the following key components: national treasury's guidelines and macroeconomic policy; efficient revenue management, which aims to ensure a 10 per cent increase in revenue collection within the first six months; 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 and full implementation of the approved budget related policies of the municipality.

The expected revenue will increase from R78 million during the adjustment budget to R88.8 million. The expected revenue for the budget year can be summarised as follows:

Property rates	R 5 106 056
Service charge: electricity	R 16 015 734
Service charge: water	R 7 500 000
Service charge: waste management	R 5 446 243
Service charge: waste water management	R 5 985 000
Grants: Equitable share	R45 212 000
Grants: FMG	R 1 450 000
Grants: MSIG	R 790 000
Grants: EPWP	R 536 000
Grants: FS COGTA	R 246 500
Other revenue	R 598 285

The municipality will then utilise portion of this expected revenue to fund capital expenditure to the tune of R696 181. Therefore, the total capital expenditure budget will amount to R19.5 million. The difference will be funded from Municipal Infrastructure Grant: R18.2 million and Integrated National Electrification Programme Grant to the tune of R594 000.

### **3.7 Capital budget and funding**

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The total capital budget amounts to R19 500 030 and capital projects list is provided in the later part of this document. The funding is from Municipal Infrastructure Grant to the tune of R18.2 million; Integrated National Electrification Programme Grant to the tune of R594 000 and internal funding to the tune of R696 181.

Funding from other spheres of government towards capital expenditure will not be included in the annual budget except if such funding has been gazetted or the municipality has received written confirmation that funds will be provided to the municipality. The list of projects that have been provided for in the capital budget is listed as follows:

Integrated Waste Management: Koffiefontein; Jacobsdal; Petrusburg; Oppermans	R 6 687 058.87
Luckhoff upgrading of Roads	R 5 308 200.66
Jacobsdal upgrading of Roads	R 3 715 740.47
Koffiefontein Multi-purpose centre	R 2 499 000.00
Luckhoff Electrification	R 594 000.00
Building Improvements: Political wing	R 300 000.00
LED Projects	R 396 030.00

### **3.8 Increases in annual budget**

The total operating revenue has increased from R78 million during the adjustment budget to R88.8 million during the budget year. The increase is mainly informed by increase in grants and subsidies as well as own expected revenue.

The total operating expenditure has increased from R78 million during the adjustment budget to R88.6 million during the budget year. This is mainly due to increase in employee related cost (annual increment, providing for social contributions and providing for critical vacant posts).

The capital budget has decreased from R20.2 million during the adjustment budget to R19.5 million during the budget year. The decrease is as a result of grants and subsidies allocated for "Operation Hlasela" that were received during the 2010-11 budget for construction of roads and are not allocated for the current budget year.

### **3.9 Conclusion**

The budget is funded in line with the requirements of the Municipal Finance Management Act and the Funding Compliance Test has been done. However, going forward, the municipality will have to ensure that expenditure is prioritised towards

service delivery and that spending on none essential item is avoided. The cash flow of the municipality is expected to remain positive and the payment rate is expected to increase with approximately 10% within the first six month of the 2011-12 financial year.

Ke qetele ka ho isa diteboho tse kgethehileng ho setjaba kaofela se phuthehileng tsatsing lena ka hara ntlo ena, ba nkileng matsapa a amohela taletso ya ho tla mamela lenane lena la ditjelete. Ke re halala Bolakanang, Halala! Halala Letsemeng, Halala!

Let me also thank Members of the Council, the African National Congress, members of the opposition parties, the Municipal Manager, Heads of Departments, all other workers of Letsemeng and various government departments. My gratitude also goes people of the Letsemeng for your support with whom together we are indeed achieving more as friends and comrades.

Long live Umkhonto we Sizwe, long live!

Long live the spirit of Lovemore Koto, long live!

Long live the spirit of Thabo Mnumzana, long live!

Long live the spirit of Walter Sisulu, long live!

Long live the spirit of Ishmael Riet, long live

Long live the spirit of Z.K. Matthews, long live

Long live Nelson Rolihlahla Mandela, long live!

Long live President Jacob Zuma, long live!

Long live Premier Ace Magashule, long live!

Long live the people of the Letsemeng, long live!

Long live the ANC, long live!

Ke leboga go menagane!.

## **2. RESOLUTIONS**

1. Council hereby resolve that:

- a) The annual operating expenditure budget be approved and implemented with effect from 01 July 2011.



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- b) The annual operating revenue budget be approved and implemented with effect from 01 July 2011.
  - c) The annual capital expenditure budget be approved and implemented with effect from 01 July 2011.
2. Council hereby resolve that the financial position, cash flow budget, cash-backed reserve / accumulated surplus, asset management and basic service delivery targets be approved.
  3. Council hereby resolve that the tariffs for property rates; service charges and other general tariffs for 2011-12 as reflected in tariff list be approved and implemented with effect from 01 July 2011.
  4. Council hereby resolve that increase in salaries for Senior Managers and Other Municipal Officials be implemented with effect from 01 July 2011.
  5. Council hereby resolve that a provision of 7.5 per cent increment be made for Councillor's Allowance and be implemented after the Upper Limits for Councillors have been gazetted.
  6. Council hereby resolve that the following budget related policies be approved and be implemented with effect from the 01 July 2011:
    - a) Budget policy
    - b) Virement policy
    - c) Supply chain management policy
    - d) Credit control and debt collection policy
    - e) Indigent support policy
    - f) Property rates policy
    - g) Tariffs policy
    - h) Funding and reserves policy

### **3. EXECUTIVE SUMMARY**

This section provides an overview of the Letsemeng Local Municipality's 2011/12 to 2013/14 Medium Term Revenue and Expenditure Framework. It includes an assessment of how the budget links with the national and provincial government contexts along with a review of the fiscal position of municipality. It also alludes to

challenges that were experienced during the compilation of the annual budget as and summarise the annual budget.

### **3.1 Introduction**

The 2011-12 annual budget is the start of the next five year term of office for new council to be elected during May 2011. Therefore, provides an opportunity to assess the past performance, plan for future and review the current expenditure and revenue baselines.

The Municipality's budget has been compiled within the context of the planning framework, policies and priorities of national, provincial and district level. In essence, the spheres of Government are partners in meeting the service delivery challenges faced by Letsemeng Local Municipality. The municipality alone cannot entirely address these challenges. It requires support from other spheres of government through the direct allocation of financial and non-financial resources.

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### **3.9 Conclusion**

The budget is funded in line with the requirements of the Municipal Finance Management Act and the Funding Compliance Test has been done. However, going forward, the municipality will have to ensure that expenditure is prioritised towards service delivery and that spending on none essential item is avoided. The cash flow of the municipality is expected to remain positive and the payment rate is expected to increase with approximately 10% within the first six month of the 2011-12 financial year.

#### **4. ANNUAL BUDGET TABLES**

Below are the annual tables as per the requirements of the Municipal Budget and Reporting regulations:

- a) Table A1: Budgeted Summary
- b) Table A2: Budget Financial Performance (revenue & expenditure by standard classification)
- c) Table A3: Budget Financial Performance (revenue & expenditure by municipal vote)
- d) Table A4: Budget Financial Performance (revenue & expenditure)
- e) Table A5: Budgeted Capital Expenditure by vote, standard classification and funding
- f) Table A6: Budget Financial Position
- g) Table A7: Budget Cash Flow
- h) Table A8: Cash backed reserves/accumulated surplus reconciliation
- i) Table A9: Asset Management
- j) Table A10: Basic Service Delivery Measurement

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FS161 Letsemeng - Table A1 Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	2 994	3 013	3 314	4 642	4 642	4 642	-	5 106	6 407	7 952
Service charges	18 356	20 157	24 032	30 623	28 357	28 357	-	34 055	36 064	39 129
Investment revenue	-	-	-	-	842	842	-	900	953	1 034
Transfers recognised - operational	20 015	24 894	33 065	43 294	43 673	43 673	-	48 235	52 543	55 824
Other own revenue	4 825	1 799	2 182	1 994	494	494	-	582	616	669
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>46 190</b>	<b>49 863</b>	<b>62 593</b>	<b>80 553</b>	<b>78 008</b>	<b>78 008</b>	<b>-</b>	<b>88 877</b>	<b>96 584</b>	<b>104 608</b>
Employee costs	15 166	13 750	16 880	18 983	19 947	19 947	-	23 693	25 351	27 253
Remuneration of councillors	1 624	1 761	1 903	2 083	2 216	2 216	-	2 795	2 991	3 215
Depreciation & asset impairment	1 000	950	950	1 670	886	886	-	1 228	1 354	1 469
Finance charges	174	232	287	197	126	126	-	62	65	71
Materials and bulk purchases	19 707	21 728	22 187	17 138	14 083	14 083	-	16 513	17 504	18 991
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	8 263	11 235	12 935	40 481	40 750	40 750	-	44 313	46 665	50 504
<b>Total Expenditure</b>	<b>45 933</b>	<b>49 656</b>	<b>55 143</b>	<b>80 553</b>	<b>78 008</b>	<b>78 008</b>	<b>-</b>	<b>88 603</b>	<b>93 930</b>	<b>101 504</b>
<b>Surplus/(Deficit)</b>	<b>257</b>	<b>207</b>	<b>7 450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>273</b>	<b>2 653</b>	<b>3 104</b>
Transfers recognised - capital	-	-	-	15 141	15 141	15 141	-	18 804	22 142	23 359
Contributions recognised - capital & contributed a	-	-	(7 450)	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>257</b>	<b>207</b>	<b>0</b>	<b>15 141</b>	<b>15 141</b>	<b>15 141</b>	<b>-</b>	<b>19 077</b>	<b>24 795</b>	<b>26 463</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>257</b>	<b>207</b>	<b>0</b>	<b>15 141</b>	<b>15 141</b>	<b>15 141</b>	<b>-</b>	<b>19 077</b>	<b>24 795</b>	<b>26 463</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>										
Transfers recognised - capital	-	-	-	19 494	19 494	19 494	-	18 804	22 142	23 359
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	660	660	-	696	484	525
<b>Total sources of capital funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 494</b>	<b>20 154</b>	<b>20 154</b>	<b>-</b>	<b>19 500</b>	<b>22 626</b>	<b>23 884</b>
<b>Financial position</b>										
Total current assets	5 718	4 726	16 783	-	-	-	-	21 609	17 401	12 576
Total non current assets	123 781	177 676	196 978	-	-	-	-	237 742	261 655	274 667
Total current liabilities	1 508	3 215	4 349	-	-	-	-	2 206	1 625	1 806
Total non current liabilities	11	8	-	-	-	-	-	-	-	-
Community wealth/Equity	103 110	167 128	203 074	-	-	-	-	249 494	269 581	279 317
<b>Cash flows</b>										
Net cash from (used) operating	-	(45 263)	(37 177)	(44 786)	-	-	-	(8 519)	(14 390)	(18 230)
Net cash from (used) investing	-	-	-	-	-	-	-	18 726	22 685	23 931
Net cash from (used) financing	-	88	185	-	-	-	-	59	68	61
<b>Cash/cash equivalents at the year end</b>	<b>-</b>	<b>(45 175)</b>	<b>(82 167)</b>	<b>(43 170)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 092</b>	<b>21 455</b>	<b>27 218</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	625	(1 554)	(2 754)	-	-	-	-	1 858	2 700	2 451
Application of cash and investments	(2 424)	(2 056)	2 913	-	-	-	-	-	-	-
<b>Balance - surplus (shortfall)</b>	<b>3 049</b>	<b>502</b>	<b>(5 667)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 858</b>	<b>2 700</b>	<b>2 451</b>
<b>Asset management</b>										
Asset register summary (WDV)	57	33	8	-	-	-	45	45	8	13
Depreciation & asset impairment	1 000	950	950	1 670	886	886	1 228	1 228	1 354	1 469
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	3 451	3 451	3 630	3 829
<b>Free services</b>										
Cost of Free Basic Services provided	9 871	11 530	13 232	13 232	13 232	14 910	16 884	16 884	19 710	20 696
Revenue cost of free services provided	12 093	13 791	14 256	14 256	14 256	15 150	18 039	18 039	21 341	23 902
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

**LETSEMENG LOCAL MUNICIPALITY**  
**2011-12 Medium Term Revenue & Expenditure Framework**

FS161 Letsemeng - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
		1								
<b>Revenue - Standard</b>										
<b>Governance and administration</b>		6 502	4 452	7 198	10 801	10 342	10 342	11 748	13 472	15 351
Executive and council		390	390	587	653	1 000	1 000	1 548	1 637	1 739
Budget and treasury office		5 002	3 211	5 706	9 144	8 402	8 402	9 214	10 754	12 457
Corporate services		1 110	851	905	1 003	940	940	986	1 080	1 155
<b>Community and public safety</b>		1 485	1 891	2 148	2 269	2 459	2 459	2 432	2 681	2 860
Community and social services		636	763	1 006	787	1 052	1 052	796	878	937
Sport and recreation		426	481	528	628	637	637	749	828	883
Public safety		390	600	529	764	712	712	825	908	969
Housing		33	47	85	90	58	58	62	66	72
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		1 702	120	197	21	21	21	557	22	24
Planning and development		1 618	28	187	-	-	-	536	-	-
Road transport		4	12	10	21	21	21	21	22	24
Environmental protection		80	80	-	-	-	-	-	-	-
<b>Trading services</b>		36 501	43 410	53 051	67 463	65 187	65 187	74 140	80 409	86 372
Electricity		9 501	11 451	19 465	24 822	23 260	23 260	28 093	30 361	32 661
Water		9 694	11 668	12 366	15 918	15 918	15 918	17 727	19 257	20 671
Waste water management		8 382	10 091	10 262	13 489	13 390	13 390	14 428	15 679	16 828
Waste management		8 923	10 201	10 958	13 235	12 619	12 619	13 892	15 112	16 212
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	46 190	49 873	62 593	80 554	78 009	78 009	88 877	96 583	104 608
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		5 209	5 823	6 739	10 229	29 097	29 097	20 330	21 689	23 384
Executive and council		1 144	1 058	1 066	1 146	4 019	4 019	7 948	8 477	9 141
Budget and treasury office		3 003	3 831	4 555	5 804	19 542	19 542	9 168	9 778	10 544
Corporate services		1 063	935	1 118	3 279	5 536	5 536	3 215	3 433	3 698
<b>Community and public safety</b>		5 394	5 307	5 886	1 804	2 588	2 588	3 531	3 503	3 785
Community and social services		2 289	2 088	1 848	1 159	2 165	2 165	2 260	2 410	2 600
Sport and recreation		295	437	413	383	158	158	547	579	629
Public safety		748	454	709	-	60	60	600	381	414
Housing		99	90	100	3	5	5	17	18	20
Health		1 963	2 239	2 816	259	200	200	107	114	124
<b>Economic and environmental services</b>		7 322	8 864	15 876	10 814	8 512	8 512	9 458	10 065	10 878
Planning and development		-	-	-	2 011	2 661	2 661	3 165	3 361	3 640
Road transport		7 051	8 555	15 541	8 803	5 851	5 851	6 293	6 704	7 238
Environmental protection		270	309	334	-	-	-	-	-	-
<b>Trading services</b>		28 008	29 661	34 093	57 706	37 811	37 811	55 284	58 673	63 456
Electricity		8 564	11 313	13 702	24 231	20 668	20 668	25 794	27 357	29 603
Water		8 634	8 292	8 847	13 639	7 924	7 924	16 488	17 506	18 899
Waste water management		4 939	4 687	5 250	9 444	4 373	4 373	6 001	6 367	6 901
Waste management		5 870	5 370	6 294	10 393	4 847	4 847	7 002	7 443	8 053
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	45 933	49 656	62 593	80 553	78 009	78 009	88 604	93 930	101 504
<b>Surplus/(Deficit) for the year</b>		257	217	-	0	0	0	273	2 653	3 104

**LETSEMENG LOCAL MUNICIPALITY**  
**2011-12 Medium Term Revenue & Expenditure Framework**

**FS161 Letsemeng - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Revenue by Vote</b>	1									
Vote1- Budget and Treasury Office		5 002	3 211	5 706	9 144	8 402	8 402	9 214	10 754	12 457
Vote2 - Corporate Services		3 694	2 217	2 621	2 615	2 735	2 735	2 642	2 903	3 101
Vote3 - Council		390	480	587	653	1 000	1 000	1 548	1 637	1 739
Vote4- Technical Services		37 103	43 955	53 680	68 141	65 872	65 872	75 474	81 289	87 311
Ex ample 5 - Vote5		-	-	-	-	-	-	-	-	-
Ex ample 6 - Vote6		-	-	-	-	-	-	-	-	-
Ex ample 7 - Vote7		-	-	-	-	-	-	-	-	-
Ex ample 8 - Vote8		-	-	-	-	-	-	-	-	-
Ex ample 9 - Vote9		-	-	-	-	-	-	-	-	-
Ex ample 10 - Vote10		-	-	-	-	-	-	-	-	-
Ex ample 11 - Vote11		-	-	-	-	-	-	-	-	-
Ex ample 12 - Vote12		-	-	-	-	-	-	-	-	-
Ex ample 13 - Vote13		-	-	-	-	-	-	-	-	-
Ex ample 14 - Vote14		-	-	-	-	-	-	-	-	-
Ex ample 15 - Vote15		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>46 190</b>	<b>49 863</b>	<b>62 593</b>	<b>80 554</b>	<b>78 009</b>	<b>78 009</b>	<b>88 877</b>	<b>96 583</b>	<b>104 608</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote1- Budget and Treasury Office		3 003	3 831	4 551	5 804	19 542	19 542	9 168	9 778	10 544
Vote2 - Corporate Services		4 799	3 234	3 649	4 003	7 629	7 629	5 940	6 081	6 556
Vote3 - Council		1 144	1 058	1 066	1 243	4 019	4 019	7 948	8 477	9 141
Vote4- Technical Services		36 987	41 533	53 327	69 503	46 818	46 818	65 549	69 594	75 262
Ex ample 5 - Vote5		-	-	-	-	-	-	-	-	-
Ex ample 6 - Vote6		-	-	-	-	-	-	-	-	-
Ex ample 7 - Vote7		-	-	-	-	-	-	-	-	-
Ex ample 8 - Vote8		-	-	-	-	-	-	-	-	-
Ex ample 9 - Vote9		-	-	-	-	-	-	-	-	-
Ex ample 10 - Vote10		-	-	-	-	-	-	-	-	-
Ex ample 11 - Vote11		-	-	-	-	-	-	-	-	-
Ex ample 12 - Vote12		-	-	-	-	-	-	-	-	-
Ex ample 13 - Vote13		-	-	-	-	-	-	-	-	-
Ex ample 14 - Vote14		-	-	-	-	-	-	-	-	-
Ex ample 15 - Vote15		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>45 933</b>	<b>49 656</b>	<b>62 593</b>	<b>80 554</b>	<b>78 009</b>	<b>78 009</b>	<b>88 604</b>	<b>93 930</b>	<b>101 504</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>257</b>	<b>207</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>273</b>	<b>2 653</b>	<b>3 104</b>



**LETSEMENG LOCAL MUNICIPALITY**  
**2011-12 Medium Term Revenue & Expenditure Framework**

FS161 Letsemeng - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Revenue By Source</b>											
Property rates	2	2 994	3 013	3 314	4 642	4 642	4 642	-	5 106	6 407	7 952
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	8 063	8 123	9 947	12 803	11 251	11 251	-	15 123	16 016	17 377
Service charges - water revenue	2	3 806	4 462	4 908	6 407	6 407	6 407	-	7 500	7 943	8 618
Service charges - sanitation revenue	2	3 308	3 852	4 237	5 799	5 700	5 700	-	5 985	6 338	6 877
Service charges - refuse revenue	2	3 179	3 720	4 940	5 613	5 000	5 000	-	5 446	5 768	6 258
Service charges - other											
Rental of facilities and equipment		536	408	491	353	232	232		335	355	385
Interest earned - external investments						842	842		900	953	1 034
Interest earned - outstanding debtors		1 400	1 055	1 210	1 279						
Dividends received				20	21						
Fines		1 500	99	123	129	77	77		79	84	91
Licences and permits		6	2	2	7	4	4		5	5	6
Agency services											
Transfers recognised - operational		20 015	24 894	33 065	43 294	43 673	43 673		48 235	52 543	55 824
Other revenue	2	1 383	236	336	204	181	181	-	162	172	187
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>46 190</b>	<b>49 863</b>	<b>62 593</b>	<b>80 553</b>	<b>78 008</b>	<b>78 008</b>	<b>-</b>	<b>88 877</b>	<b>96 584</b>	<b>104 608</b>
<b>Expenditure By Type</b>											
Employee related costs	2	15 166	13 750	16 880	18 983	19 947	19 947	-	23 693	25 351	27 253
Remuneration of councillors		1 624	1 761	1 903	2 083	2 216	2 216		2 795	2 991	3 215
Debt impairment	3	2 961	1 480	3 698	7 372	4 760	4 760		10 065	10 668	11 575
Depreciation & asset impairment	2	1 000	950	950	1 670	886	886	-	1 228	1 354	1 469
Finance charges		174	232	287	197	126	126		62	65	71
Bulk purchases	2	5 460	8 386	10 512	15 115	14 083	14 083	-	16 396	17 380	18 857
Other materials	8	14 247	13 343	11 675	2 024				117	124	134
Contracted services		500	2 000	2 000	-	-	-	-	-	-	-
Transfers and grants											
Other expenditure	4, 5	4 802	7 754	7 237	33 109	35 990	35 990	-	34 248	35 996	38 929
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>45 933</b>	<b>49 656</b>	<b>55 143</b>	<b>80 553</b>	<b>78 008</b>	<b>78 008</b>	<b>-</b>	<b>88 603</b>	<b>93 930</b>	<b>101 504</b>
<b>Surplus/(Deficit)</b>		<b>257</b>	<b>207</b>	<b>7 450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>273</b>	<b>2 653</b>	<b>3 104</b>
Transfers recognised - capital					15 141	15 141	15 141		18 804	22 142	23 359
Contributions recognised - capital	6	-	-	(7 450)	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>257</b>	<b>207</b>	<b>0</b>	<b>15 141</b>	<b>15 141</b>	<b>15 141</b>	<b>-</b>	<b>19 077</b>	<b>24 795</b>	<b>26 463</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>257</b>	<b>207</b>	<b>0</b>	<b>15 141</b>	<b>15 141</b>	<b>15 141</b>	<b>-</b>	<b>19 077</b>	<b>24 795</b>	<b>26 463</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>257</b>	<b>207</b>	<b>0</b>	<b>15 141</b>	<b>15 141</b>	<b>15 141</b>	<b>-</b>	<b>19 077</b>	<b>24 795</b>	<b>26 463</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>257</b>	<b>207</b>	<b>0</b>	<b>15 141</b>	<b>15 141</b>	<b>15 141</b>	<b>-</b>	<b>19 077</b>	<b>24 795</b>	<b>26 463</b>

**LETSEMENG LOCAL MUNICIPALITY**  
**2011-12 Medium Term Revenue & Expenditure Framework**

FS161 Letsemeng - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote1- Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote3 - Council		-	-	-	-	-	-	-	-	-	-
Vote4- Technical Services		-	-	-	-	-	-	-	-	-	-
Example 5 - Vote5		-	-	-	-	-	-	-	-	-	-
Example 6 - Vote6		-	-	-	-	-	-	-	-	-	-
Example 7 - Vote7		-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote1- Budget and Treasury Office		-	-	-	-	-	-	73	77	83	
Vote2 - Corporate Services		-	-	-	-	60	60	258	19	20	
Vote3 - Council		-	-	-	-	-	-	79	84	91	
Vote4- Technical Services		-	-	-	19 494	20 094	20 094	18 443	22 467	23 710	
Example 5 - Vote5		-	-	-	-	-	-	-	-	-	
Example 6 - Vote6		-	-	-	-	-	-	-	-	-	
Example 7 - Vote7		-	-	-	-	-	-	-	-	-	
Example 8 - Vote8		-	-	-	-	-	-	-	-	-	
Example 9 - Vote9		-	-	-	-	-	-	-	-	-	
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	
<b>Capital single-year expenditure sub-total</b>		-	-	-	19 494	20 154	20 154	18 852	22 646	23 904	
<b>Total Capital Expenditure - Vote</b>		-	-	-	19 494	20 154	20 154	18 852	22 646	23 904	
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		-	-	-	-	-	-	150	158	172	
Executive and council								72	76	83	
Budget and treasury office								73	77	83	
Corporate services								5	5	6	
<b>Community and public safety</b>		-	-	-	-	60	60	240	-	-	
Community and social services											
Sport and recreation											
Public safety						60	60	240			
Housing											
Health											
<b>Economic and environmental services</b>		-	-	-	4 249	4 249	4 249	12 408	22 367	23 602	
Planning and development								12	22 155	23 372	
Road transport					4 249	4 249	4 249	12 396	212	230	
Environmental protection											
<b>Trading services</b>		-	-	-	14 445	15 045	15 045	6 035	79	86	
Electricity								602	8	8	
Water					9 237	9 837	9 837	30	31	34	
Waste water management					5 208	5 208	5 208	438	32	35	
Waste management								4 966	8	9	
<b>Other</b>					800	800	800	668	21	24	
<b>Total Capital Expenditure - Standard</b>	3	-	-	-	19 494	20 154	20 154	19 500	22 626	23 884	
<b>Funded by:</b>											
National Government					15 141	15 141	15 141	18 804	22 142	23 359	
Provincial Government					4 353	4 353	4 353				
District Municipality											
Other transfers and grants											
<b>Transfers recognised - capital</b>	4	-	-	-	19 494	19 494	19 494	18 804	22 142	23 359	
<b>Public contributions &amp; donations</b>	5										
<b>Borrowing</b>	6										
<b>Internally generated funds</b>						660	660	696	484	525	
<b>Total Capital Funding</b>	7	-	-	-	19 494	20 154	20 154	19 500	22 626	23 884	

**LETSEMENG LOCAL MUNICIPALITY**  
**2011-12 Medium Term Revenue & Expenditure Framework**

FS161 Letsemeng - Table A6 Budgeted Financial Position

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		803	1	1					658	1 200	951
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	2 491	2 669	13 968	-	-	-	-	18 000	13 200	10 100
Other debtors		2 424	2 056	2 814					2 951	3 001	1 525
Current portion of long-term receivables											
Inventory	2										
<b>Total current assets</b>		<b>5 718</b>	<b>4 726</b>	<b>16 783</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21 609</b>	<b>17 401</b>	<b>12 576</b>
<b>Non current assets</b>											
Long-term receivables											
Investments		16	62	73					1 200	1 500	1 500
Investment property											
Investment in Associate											
Property, plant and equipment	3	123 708	177 582	196 897	-	-	-	-	236 497	260 147	273 154
Agricultural											
Biological											
Intangible		57	33	8					45	8	13
Other non-current assets											
<b>Total non current assets</b>		<b>123 781</b>	<b>177 676</b>	<b>196 978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>237 742</b>	<b>261 655</b>	<b>274 667</b>
<b>TOTAL ASSETS</b>		<b>129 499</b>	<b>182 402</b>	<b>213 760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>259 350</b>	<b>279 056</b>	<b>287 242</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	194	1 617	2 827							
Borrowing	4	199	2	-	-	-	-	-	-	-	-
Consumer deposits		422	437	631					701	403	381
Trade and other payables	4	-	-	-	-	-	-	-	-	-	-
Provisions		693	1 159	891					1 506	1 222	1 425
<b>Total current liabilities</b>		<b>1 508</b>	<b>3 215</b>	<b>4 349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 206</b>	<b>1 625</b>	<b>1 806</b>
<b>Non current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		11	8	-	-	-	-	-	-	-	-
<b>Total non current liabilities</b>		<b>11</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1 519</b>	<b>3 224</b>	<b>4 349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 206</b>	<b>1 625</b>	<b>1 806</b>
<b>NET ASSETS</b>	5	<b>127 980</b>	<b>179 179</b>	<b>209 412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257 144</b>	<b>277 431</b>	<b>285 437</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		38 455	167 128	203 074					249 494	269 581	279 317
Reserves	4	64 655	-	-	-	-	-	-	-	-	-
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>103 110</b>	<b>167 128</b>	<b>203 074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249 494</b>	<b>269 581</b>	<b>279 317</b>

**LETSEMENG LOCAL MUNICIPALITY**  
**2011-12 Medium Term Revenue & Expenditure Framework**

FS161 Letsemeng - Table A7 Budgeted Cash Flows

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other			(45 263)	(16 545)	(36 663)				(25 101)	(27 618)	(30 852)
Government - operating	1			(62 720)	(42 590)				(47 452)	(52 282)	(55 541)
Government - capital	1				(15 141)				(18 210)	(22 142)	(24 873)
Interest				(1 970)	(1 279)				(900)	(947)	(999)
Dividends				(10)	(21)				(8)	(9)	(9)
<b>Payments</b>											
Suppliers and employees				44 068	50 711				82 958	88 404	93 829
Finance charges					197				194	204	215
Transfers and Grants	1										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	(45 263)	(37 177)	(44 786)	-	-	-	(8 519)	(14 390)	(18 230)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables											
Decrease (Increase) in non-current investments											
<b>Payments</b>											
Capital assets									18 726	22 685	23 931
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	-	-	-	-	-	-	18 726	22 685	23 931
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans				(8)							
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits			88	193					59	68	61
<b>Payments</b>											
Repayment of borrowing											
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	88	185	-	-	-	-	59	68	61
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	(45 175)	(36 992)	(44 786)	-	-	-	10 266	8 363	5 762
Cash/cash equivalents at the year begin:	2		-	(45 175)	1 616				2 826	13 092	21 455
Cash/cash equivalents at the year end:	2		(45 175)	(82 167)	(43 170)				13 092	21 455	27 218

FS161 Letsemeng - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	-	(45 175)	(82 167)	(43 170)	-	-	-	13 092	21 455	27 218
Other current investments > 90 days		609	43 559	79 340	43 170	-	-	-	(12 434)	(20 255)	(26 267)
Non current assets - Investments	1	16	62	73	-	-	-	-	1 200	1 500	1 500
<b>Cash and investments available:</b>		<b>625</b>	<b>(1 554)</b>	<b>(2 754)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 858</b>	<b>2 700</b>	<b>2 451</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	(2 424)	(2 056)	2 913	-	-	-	-	-	-	-
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>(2 424)</b>	<b>(2 056)</b>	<b>2 913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus(shortfall)</b>		<b>3 049</b>	<b>502</b>	<b>(5 667)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 858</b>	<b>2 700</b>	<b>2 451</b>

**LETSEMENG LOCAL MUNICIPALITY**  
**2011-12 Medium Term Revenue & Expenditure Framework**

FS161 Letsemeng - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	13 380	13 662	12 447	19 494	19 494	-	19 500	22 626	23 884
Infrastructure - Road transport		-	4 800	-	4 249	4 249	-	12 396	212	230
Infrastructure - Electricity		-	-	-	1 853	1 853	-	602	8	8
Infrastructure - Water		2 643	7 362	4 126	7 384	7 384	-	30	31	34
Infrastructure - Sanitation		10 737	-	8 321	2 958	2 958	-	438	32	35
Infrastructure - Other		-	-	-	3 050	3 050	-	5 338	21 859	23 052
Infrastructure		13 380	12 162	12 447	19 494	19 494	-	18 804	22 142	23 359
Community		-	1 500	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	696	484	525
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	4 800	-	4 249	4 249	-	12 396	212	230
Infrastructure - Road transport		-	4 800	-	4 249	4 249	-	12 396	212	230
Infrastructure - Electricity		-	-	-	1 853	1 853	-	602	8	8
Infrastructure - Water		2 643	7 362	4 126	7 384	7 384	-	30	31	34
Infrastructure - Sanitation		10 737	-	8 321	2 958	2 958	-	438	32	35
Infrastructure - Other		-	-	-	3 050	3 050	-	5 338	21 859	23 052
Infrastructure		13 380	12 162	12 447	19 494	19 494	-	18 804	22 142	23 359
Community		-	1 500	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	696	484	525
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	13 380	13 662	12 447	19 494	19 494	-	19 500	22 626	23 884
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties										
Other assets										
Agricultural Assets										
Biological assets										
Intangibles		57	33	8	-	-	-	45	8	13
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	57	33	8	-	-	-	45	8	13
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		1 000	950	950	1 670	886	886	1 228	1 354	1 469
<b>Repairs and Maintenance by Asset Class</b>	3							3 451	3 630	3 829
Infrastructure - Road transport								1 328	1 397	1 474
Infrastructure - Electricity								529	557	588
Infrastructure - Water								267	281	297
Infrastructure - Sanitation								748	787	831
Infrastructure - Other								537	564	595
Infrastructure								3 470	3 587	3 784
Community										
Heritage assets										
Investment properties										
Other assets	6, 7							41	43	46
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		1 000	950	950	1 670	886	886	4 679	4 985	5 299

**LETSEMENG LOCAL MUNICIPALITY**  
**2011-12 Medium Term Revenue & Expenditure Framework**

**FS161 Letsemeng - Table A10 Basic service delivery measurement**

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Household service targets (000)</b>	1									
<b>Water:</b>										
Piped water inside dwelling		8	8	8	8	8	8	8	8	8
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		8	8	8	8	8	8	8	8	8
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	8	8	8	8	8	8	8	8	8
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		8	8	8	8	8	8	8	8	8
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		8	8	8	8	8	8	8	8	8
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	8	8	8	8	8	8	8	8	8
<b>Energy:</b>										
Electricity (at least min.service level)		0	0	0	0	0	0	0	0	0
Electricity - prepaid (min.service level)	7	8	8	8	8	8	8	8	8	8
<i>Minimum Service Level and Above sub-total</i>		8	8	8	8	8	8	8	8	8
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	8	8	8	8	8	8	8	8	8
<b>Refuse:</b>										
Removed at least once a week		8	8	8	8	8	8	8	8	8
<i>Minimum Service Level and Above sub-total</i>		8	8	8	8	8	8	8	8	8
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	8	8	8	8	8	8	8	8	8
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		8	8	8	8	8	8	8	8	8
Sanitation (free minimum level service)	4	5	5	5	5	5	5	5	5	5
Electricity/other energy (50kwh per household per month)	4	5	5	5	5	5	5	5	5	5
Refuse (removed at least once a week)	4	5	5	5	5	5	5	5	5	5
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		2 817	3 159	3 476	3 476	3 476	3 894	4 208	4 631	4 863
Sanitation (free sanitation service)		2 780	3 105	3 501	3 501	3 501	3 859	4 298	4 967	5 215
Electricity/other energy (50kwh per household per month)		1 495	2 161	2 754	2 754	2 754	3 298	4 081	5 145	5 402
Refuse (removed once a week)		2 780	3 105	3 501	3 501	3 501	3 859	4 298	4 967	5 215
<b>Total cost of FBS provided (minimum social package)</b>		<b>9 871</b>	<b>11 530</b>	<b>13 232</b>	<b>13 232</b>	<b>13 232</b>	<b>14 910</b>	<b>16 884</b>	<b>19 710</b>	<b>20 696</b>
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)		52	56	62	62	62	67	72	80	80
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		30	30	30	30	30	30	30	30	30
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		1 693	1 891	556	556	556	-	639	741	830
Property rates (other exemptions, reductions and rebates)										
Water		3 000	3 300	3 700	3 700	3 700	4 000	4 500	5 200	5 824
Sanitation		2 900	3 200	3 600	3 600	3 600	3 900	4 400	5 100	5 712
Electricity/other energy		1 600	2 200	2 800	2 800	2 800	3 350	4 100	5 200	5 824
Refuse		2 900	3 200	3 600	3 600	3 600	3 900	4 400	5 100	5 712
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6									
<b>Total revenue cost of free services provided (total social package)</b>		<b>12 093</b>	<b>13 791</b>	<b>14 256</b>	<b>14 256</b>	<b>14 256</b>	<b>15 150</b>	<b>18 039</b>	<b>21 341</b>	<b>23 902</b>

## **PART 2**

### **1. BUDGET PROCESS**

The budget process followed by the municipality was in line with the requirements of the MFMA. The schedule of key deadlines was prepared for tabling the reviewed integrated development plan and annual budget to Council by the Mayor prior to the end of August 2010.

Given the local government election during 2011, National Treasury issued guidelines regarding the budget process for 2011/12. Based on the guidelines provided in the MFMA Circular 54, the municipality opted for "Option 1: Outgoing council approves 2011/12 budget". This led to the revision of initial schedule of key deadlines regarding the budget process.

As per the reviewed schedule of the key deadlines regarding the annual budget and the review of the integrated development plan adopted by Council on the 23 February 2011; Council was to table the annual budget and reviewed IDP on the 09 March 2011 and adopt/approve them by 20 April 2011.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council. Council could not adhere to the revised schedule due to other commitments from Councillors. The annual budget and the reviewed integrated development plan were tabled to Council for consideration on the 17 March 2011 and subsequently approved for consultation.

Consultation on the tabled annual budget and reviewed integrated development plan took place at both political and administrative level. Community views were requested through the Volksblad newspapers and municipal notice boards. Hard copies were made available at all municipal offices of Letsemeng municipality. The website of the municipality will also be used as medium of consultation during the financial year.

Consultation also included meeting with the representatives of the Farmer's Association/Union precisely on the proposed property rates tariffs for farms. Furthermore, a proposal was made between the municipality and the farmer's union with regard to rebates. This has been a contested issue since the implementation of the Municipal Property Rates during July 2009.

Furthermore, the tabled annual budget and reviewed integrated development plan were submitted to the National Treasury and Free State Provincial Treasury (in line with the requirements of the Municipal Finance Management Act) for their inputs on the budget and integrated development plan.

### **2. Alignment of the annual budget with the integrated development plan**

The tabled budget of the municipality is in line with the reviewed integrated development plan. However, for the budget and the integrated development plan to be fully aligned, participation from sector departments needs to improve. The capital projects that have been indicated in the integrated development plan for 2011-12 financial year are fully funded as per the allocations contained in this annual budget.

### **3. Measurable performance objectives**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system.

The challenge is still on constant refinement as the review of the integrated development planning process unfolds or when the service delivery budget implementation plan is reviewed. The municipality will, going forward, target, monitor, assess and reviews organisational performance which in turn will directly link to individual employee's performance.

The measurable performance objectives will be included in the service delivery and budget implementation plan when it is submitted to the Mayor for approval. The process of submission of the service delivery budget implementation plan will be done in line with the prescripts entailed within the Municipal Finance Management Act.

The performance management system of the municipality will relate directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality will then adopt an integrated performance management system which will encompass:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

### **4. Overview of the budget-related policies**

The Municipal Budget and Reporting Regulations promulgated under the Municipal Finance Management Act prescribe the budget-related policies that need to be approved together with the annual budget. The following policies were reviewed / compiled by the Budget and Treasury Office for consideration and approval by Council:



**Budget policy:** To set out the budgeting principles which the municipality will follow in preparing each annual budget and to secure sound and sustainable management of budgeting and reporting practices by ensuring compliance with norms and standards and other requirements as established by the National Treasury.

**Virement policy:** The purpose of this policy is to provide a framework whereby transfers between line items within votes of the operating budget may be performed with the approval of certain officials.

**Supply chain management policy:** To provide for effective systems for demand management, acquisition management, logistics management, disposal management, risk management and performance management and to ensure that the procurement processes are conducted in an effective, efficient, equitable, transparent and sustainable manner.

**Credit control and debt collection policy:** To ensure that all consumers pay for the services that are supplied and consumed according to the approved tariff structure of the municipality and to ensure that all consumer account related enquiries are attended to promptly and diligently.

**Indigent support policy:** To provide procedures and guidelines for the subsidisation of basic service charges to registered indigent households, using the Council's budgetary provisions received from National Government, according to prescribed policy guidelines.

**Property rates policy:** To determine criteria to be applied for the levying of differential rates for different categories of properties, exemptions, reductions and rebates, and rate increases.

**Tariffs policy:** To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); to prescribe procedures and guidelines in terms of tariff structure to be imposed on services provided by the municipality.

**Funding and reserves policy:** The objective of the policy is to set out the assumptions and methodology for estimating the projected billings, collections and all direct revenues; the provision for revenue that will not be collected; the funds the municipality can expect to receive from investments; the funds to be set aside in reserves and the proceeds the municipality can expect to receive from the transfer or disposal of assets;

Other policies like the asset management policy; cash and investment policy; etc that relates to the budget have already been approved by Council and will be reviewed during the financial year should the need arise.

## **5. Overview of the budget assumptions**

The budget has been compiled based on the guidelines provided by National Treasury and in line with the inflation rate. Furthermore; the following were some of the assumptions upon which the annual budget was compiled:

- That the economic conditions within the municipality will still continue to be under pressure;
- That there will be no significant reduction in unemployment rate within the municipality;
- That the revenue tax base of the municipality will increase with approximately 10 per cent;
- That the municipality will not incur any long term loans during the financial year given its financial position, financial performance and cash flow position;
- There is also no significant expectation that other economic factors will improve favourably.

## **6. Overview of the budget funding**

The operating budget will be funded from operational grants as well as revenue to be collected from service charges and property rates. Government grants and subsidies make 55% of the budget while 45% will be funding from own sources.

The funding for capital budget will be from Municipal Infrastructure Grant (93%); Integrated National Electrification Programme Grant (3%) and Internally Generated Funds (4%).

## **7. Expenditure on allocations and grant programmes**

It is the intention of the municipality to spend all of its grant allocations within the current year according to the conditions of such allocations / grants. Performance review will be done during the mid-year budget assessment and where under spending is foreseeable; the necessary procedure will be followed to request for roll-over at year end.

## **8. Allocations and grants made by the municipality**

There are no allocations and grants that the municipality intend to make during the 2011/12 medium term revenue and expenditure framework.

## **9. Councillor and board members allowances and employee benefits**

The Councillor allowances and employee benefits for the budget year are reflected below. There has been adjustment on the tabled budget on employee related costs and councillor allowances. The details are as indicated below:

### **9.1 Councillors**

For Councillors, a provision of 7.5 per cent increase has been provided. This will increase Councillors allowance from R2 349 319 during the adjustment budget to R2 795 394. However, the implementation will be effected after the pronouncement of the upper limits for councillors / government gazette on remuneration of office bearers.

### **9.2 Senior Manager and Municipal staff**

The increment for municipal staff is in line with the agreement between South African Local Government Bargaining Council. The salaries have been increase with 6.08 per cent while a provision of 7.5 per cent has been made for Senior Managers (subject to Council approval).

Employee cost: Salaries	R17 746 233
Employee cost: Social contributions	R 5 946 723

The overall increase in employee related costs: salaries as a result of providing for filling of critical vacant posts within the Budget and Treasury Office. Increase on Employee cost: Social contributions the overall increase is as result of making a provision for pension / provident fund and medical aid for officials. The municipality has the majority of its staff component not belonging to any pension/provident fund and medical aid scheme.

In the past provision was only made for employees who already belong to a pension/provident fund or medical aid. Therefore, it is the intention of the management municipality to encourage municipal employees to take such benefits hence provision in the annual budget.

However, it is believed that not all officials who do not currently belong to a pension / provident fund or medical aid scheme will take such benefits and this means that there will be a saving on salaries. Nevertheless, it is important that provision is made to avoid unauthorised expenditure on employee related costs should employees decide to take such benefits while there is no provision in the budget.

The salaries (total package) of the Municipal Manager and Senior Managers (MSA sec. 56 Managers) are as follows and are included on the employee related costs shown above:

<b>Post</b>	<b>Current</b>	<b>Proposed</b>
Municipal Manager	R810 356	R871 133
Chief Financial Officer	R612 130	R658 040
Manager Corporate Services	R612 130	R658 040
Manager Technical Services	R612 130	R658 040

## **10. Monthly targets of revenue, expenditure and cash flow**

It is the intention of the municipality to ensure that all consumers are billed and accounts are sent to consumers on time. The municipality also intent to fully implement the credit control policy and it is expected that the revenue collection will increase with 10 per cent. The expenditure pattern will be informed by the collection rates given that the expenditure pattern depends much on the available funds. Should the revenue collection decrease, the municipality will have to decrease expenditure. Should the revenue collection rates increase as expected, it is the intention of the municipality to contribute towards cash reserves.

The cash flow of the municipality is expected to remain positive. There is no need at this stage for the municipality to increase its overdraft facility. However, it is important that the cash flow is monitored closely to ensure that the municipality is able to meet its financial obligations.

The details regarding the monthly targets of revenue, expenditure and cash flow are indicated in supporting tables as per the municipal budget and reporting regulations.

#### **11. Annual budgets and service delivery and budget implementation plan: internal departments**

The departmental service delivery implementation plan are at a draft stage and will be completed after adoption of the annual budget in order to form the high level of the municipal service delivery and budget implementation plan to be approved by the mayor.

#### **12. Annual budgets and service delivery agreements: municipal entities and other external mechanisms**

The municipality does not have entities and there are no services that are provided through external mechanism.

#### **13. Contracts having future budgetary implications**

The municipality does not intend to enter into long term contracts that have future budgetary implications.

#### **14. Capital expenditure details**

The total capital expenditure budget of the municipality is R19.5 million. The details of major capital projects are as follows:

Petrusburg: Upgrading of waste water treatment works	R 407 829
Luckhoff: Construction of street and stormwater	R12 195 780
Jacobsdal: Upgrading of landfill site	R 3 968 154
Koffiefontein: Multi-purpose community centre	R 647 594
Luckhoff: Upgrading of landfill site	R 80 000

All the above projects will be funded from Municipal Infrastructure Grant which also includes operational expenditure at the Project Management Unit (PMU). The municipality is also receiving Integrated National Electrification Programme Grant to the tune of R594 000. However, these funds have not yet been allocated to a specific project. There is also an allocation of R696 181 from internally generated funds towards capital expenditure. These funds are earmarked for procurement of fire fighting equipment and other assets.

## **15. Legislation compliance**

The Councillors, management and officials of the municipality are doing their best to ensure that municipality is complying with the relevant legislation. It is the intention of the municipality to move beyond compliance and ensure that the mandate of local government as set out in the Constitution is achieved. Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **15.1. In-year reporting**

Reporting to National Treasury and Free State Provincial Treasury in electronic format was complied with, on a monthly basis. Section 71 reporting to the Mayor is improving and the Mayor tables such reports to Council on a quarterly basis. The municipal website will be upgraded and the Section 71 reports including other documents will be placed on the website. Furthermore, the municipality assess its in year performance in line with section 72 of the MFMA.

### **15.2. Internship programme**

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Budget and Treasury Office.

### **15.3. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA. The challenge is still on filling of critical post with properly qualified and skilled personnel. None of the municipal officials meet the minimum competency levels as prescribed by National Treasury.

### **15.4. Audit Committee**

An Audit Committee has been established which is a shared service with the district municipality.

### **15.5. Service Delivery and Implementation Plan**

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2010-11 MTREF in May 2010 directly aligned and informed by the 2011-12 MTREF.

The municipality needs to monitor the implementation thereon and ensure that SDBIP targets have been included in the performance agreement of senior

managers. Furthermore, there is a need for review of the plan when there has been adjustment to the annual budget.

#### **15.6. Annual Financial Statements and Annual Report**

Annual Financial Statements for the 2009-10 were compiled in line with the applicable accounting standards. The municipality is also aiming at complying with MFMA in this regard for 2010-11 and also improve the audit opinion. The audit report is compiled in terms of the MFMA and National Treasury requirements and guidelines.

#### **15.7. Policies**

An amendment of the budget related policies has been done and will be tabled to Council for approval together with the annual budget.

#### **15.8. Budget Steering Committee**

The Budget Steering Committee has been established in line with the Municipal Budget and Reporting Regulations. The composition is also in line with the regulations.

#### **16. Other supporting documents**

The documents mentioned below are attached as annexures to the annual budget:

1. The integrated development plan
2. Tariff list
3. Budget related policies

#### **17. Municipal Manager's quality certificate**

The quality certificate signed by the Accounting Officer is attached as an annexure as required by the Municipal Budget and Reporting Regulations.