

LETSEMENG LOCAL MUNICIPALITY



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/17

TABLE OF CONTENTS

PART 1

- 1.1. Mayor's report
- 1.2. Resolutions
- 1.3. Executive summary
- 1.4. Annual budget tables

PART 2

- 2.1. Budget process
- 2.2. Measurable performance objectives
- 2.3. Overview of the budget-related policies
- 2.4. Overview of the budget assumptions
- 2.5. Overview of the budget funding
- 2.6. Expenditure on allocations and grant programmes
- 2.7. Councillor and board members allowances and employee benefits
- 2.8. Monthly targets of revenue, expenditure and cash flow
- 2.9. Annual budgets and service delivery and budget implementation plan: internal departments
- 2.10. Annual budgets and service delivery agreements: municipal entities and other external mechanisms
- 2.11. Contracts having future budgetary implications
- 2.12. Capital expenditure details
- 2.13. Legislation compliance
- 2.14. Other supporting documents
- 2.15. Municipal Manager's quality certificate

PART 3

- 3.1 Process of aligning Annual Budget with the IDP
 - 3.1.2 Financial Modelling and Key Planning Drivers

3.1.3 Community Consultation

3.2 Overview of alignment of annual budget with IDP

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

3.4 IDP Strategic Objectives

3.5 Provision of quality basic services and infrastructure which includes, amongst others:

3.6 IDP Projects Alignment Table

Tariff list

PART 1

MAYOR'S REPORT

Our single biggest concern remains the provision of basic housing and allied services to the poorest of our communities, however we are persistence in this matter will yield results very shortly. The year under review has been a challenging one, and in presenting this report, we acknowledge progress made during the 2015/2016 financial year as well as the challenges that lie ahead.

We also mentioned that job creation, poverty alleviation remain our priority as a local municipality and that the implementation of Expanded Public Works Programme must take a centre stage on all projects that we implement in various communities or wards. In that regard, we said monitoring and control on all projects must be energetically pursued with an aim of ensuring compliance with the provisions of the EPWP programme in order to create job opportunities and alleviate poverty while at the same time dealing with skills shortages and skills transfer so as to allow people to be skilled and be able to use those skills for the betterment of their lives.

It was brought to your attention that financial viability remains a challenge not only for the municipality but a global agony and it was in this regard and still is that we urge prudent spending on the entire municipality's programmes which is informed by sound financial planning and costs saving measures to avoid wasting municipalities' scarce resources.

We also emphasised the fact that as a municipality we need to remain focused on the effective and efficient delivery of core municipal services. Because municipal budgeting is profoundly about choices that the municipality has to make between competing priorities and fiscal realities, the application of sound financial management principles becomes even more critical in ensuring that the municipality remains financially viable, and that sustainable, reliable municipal services are provided to all.

In line with the plan, we must provide basic services that enable people to develop capabilities to take advantage of opportunities around the Municipality, enabling them to contribute to their communities through remittances and skills transfer.

By its very nature, medium term revenue expenditure framework revises the approved annual budget by budgeting for revenue and expenditure estimates and if there's material under-collection of revenue during the current year and may appropriate additional revenues that have become available over and above those anticipated in the annual budget in order to accelerate spending programmes already budgeted for. It also authorise unforeseeable and unavoidable expenditure recommended by the Council (Mayor) of the municipality and authorise the utilisation of projected savings in one vote towards spending under another vote.

I would like to express my sincere gratitude to all Councillors, officials, the communities of Letsemeng Local Municipality and stakeholders for their dedication, support and co-

operation, which enabled the institution to record service delivery progress during the year under review.

The Mayor's report (formerly Mayor's budget speech) will be presented by the Mayor to Council during the final tabling of budget.

1.2. RESOLUTIONS

1. Council hereby resolve that the annual budget of the municipality for the financial year 2016-17; and indicative budget for the two outer years 2017-18 and 2018-19 be approved as set-out in:

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

2. Provision for Draught and Budgeting for HIV & AIDS

3. that property rates tariff and tariffs for other services charges as reflected in the formal tariff list be approved for consultation processes;

4. Council hereby resolve that the community and the relevant stakeholders be consulted on the presented Budget 16-17.

5. Council hereby resolve the Accounting Officer advertise and make available copies of the draft IDP; tabled budget and draft policies and that they are submitted to the relevant stakeholders.

1.3. EXECUTIVE SUMMARY

This section provides an overview of the Letsemeng Local Municipality's 2016-17 to 2018-19 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.

The Municipality's budget must be seen within the context of the policies and financial priorities of national, provincial and district government. In essence, the spheres of Government are partners in meeting the service delivery challenges faced by Letsemeng Local Municipality. The municipality alone cannot meet these challenges. It requires support from the other spheres of Government through the direct allocation of resources, both financial and non-financial as well as the achievement of their own policies.

Therefore the municipality's resources have been allocated taking into consideration the priorities as set out during the State of the Nation Address (SONA), State of the Provincial Address (SOPA) as well as other guidelines as issued by other spheres of government. Despite this, the BTO experienced some challenges during the compilation of the 2016-17 MTREF which can be summarised as follows:

- (a) The on-going difficulties in the national and local economy and limited economic activities and social situation within Letsemeng municipality;
- (b) Ageing and poorly maintained infrastructure with no capital maintenance plans to appropriately allocate resources towards maintenance;
- (c) The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality due to low revenue collection rates;
- (d) The increased cost of bulk water and electricity (due to tariff increases from Oranje Reit / Kalkfontein Dam and Eskom), which is placing an upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable as there will be a point where services will no-longer be affordable to the majority of the residents of Letsemeng Municipality (thereby increasing consumer debtors of the municipality);
- (e) The need to develop tariffs that are cost reflective of providing such services;
- (f) Adjusting major revenue sources downward as a result of Mid- Year Performance results.
- (g) The need to meet the community expectations in terms of service delivery with the limited financial resources at hand.
- (h) Due to devastating drought experienced in the Free State which has affected the socio-economic climate, Letsemeng Local Municipality has set aside a budget for draught provision.

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

- (a) Budgeting for a funded and credible annual budget compared to a balanced budgeted;
- (b) The 2015-16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015-16 annual budget;
- (c) Tariffs on services and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, also as per guideline of Circular 78 and 79 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 and electricity;
- (d) There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

Total operating revenue has decreased from **R115 543 000** to **R 110 574 000 (4969 000)** for the 2016-17 financial year when compared to the 2015-16 Adjustment Budget.

Total operating expenditure has increased from **R 132 637 000** to **R 147 889 000 (R15 252 000)** for the 2016-17 financial year when compared to the 2015-16 Adjustment Budget. Total operating expenditure for the 2016-17 financial year has been appropriated at **R 147 889 000** and translates into a budgeted non-cash surplus of **(R 7184 000)**. As per requirement from National treasury we are expected to budget for non-cash items i.e. Debt Impairment **R 15 000 000** and Depreciation and Asset Impairment of **R30 000 000**.

1.4. ANNUAL BUDGET TABLES

Below are the annual tables as per the requirements of 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

FS161 Letsemeng - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	7 295	9 312	14 564	15 946	14 836	14 836	–	17 129	18 192	19 266
Service charges	46 570	27 071	31 316	49 323	42 050	34 655	–	37 735	40 075	42 458
Investment revenue	3 429	1 107	1 850	3 710	878	878	–	936	994	1 053
Transfers recognised - operational	54 673	53 974	53 929	53 514	53 514	53 514	–	50 227	47 591	50 424
Other own revenue	1 343	3 762	11 069	10 433	4 265	4 265	–	4 547	4 829	5 113
Total Revenue (excluding capital transfers and contributions)	113 310	95 227	112 728	132 926	115 543	108 148	–	110 574	111 681	118 314
Employee costs	25 459	28 940	38 845	40 667	41 941	41 941	–	44 929	47 976	50 653
Remuneration of councillors	2 798	3 075	3 143	3 265	3 378	–	–	3 378	3 635	3 849
Depreciation & asset impairment	19 977	27 732	28 593	19 000	19 000	19 000	–	30 000	31 860	33 740
Finance charges	3 703	599	992	–	50	–	–	53	57	60
Materials and bulk purchases	19 953	22 792	22 605	27 982	24 782	24 782	–	26 991	28 665	30 356
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	48 904	34 568	47 242	41 722	26 393	20 715	–	42 537	41 667	44 126
Total Expenditure	120 794	117 706	141 419	132 637	115 543	106 437	–	147 889	153 860	162 784
Surplus/(Deficit)	(7 484)	(22 480)	(28 691)	290	(1)	1 711	–	(37 315)	(42 179)	(44 470)
Transfers recognised - capital	23 167	24 336	17 445	–	18 645	–	–	71 636	82 754	88 544
Contributions recognised - capital & contributed a	–	–	–	66 807	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	15 683	1 856	(11 246)	67 097	18 644	1 711	–	34 321	40 575	44 074
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	15 683	1 856	(11 246)	67 097	18 644	1 711	–	34 321	40 575	44 074
Capital expenditure & funds sources										
Capital expenditure	23 815	22 563	16 245	66 807	22 218	22 218	–	71 635	82 754	88 545
Transfers recognised - capital	23 167	20 972	13 639	62 497	22 218	22 218	–	71 635	82 754	88 545
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	649	1 591	2 606	4 310	–	–	–	–	–	–
Total sources of capital funds	23 816	22 563	16 245	66 807	22 218	22 218	–	71 635	82 754	88 545
Financial position										
Total current assets	37 202	31 398	38 105	48 368	48 368	48 368	–	82 576	119 555	126 593
Total non current assets	624 634	622 867	601 604	632 330	632 330	632 330	–	679 731	722 194	764 362
Total current liabilities	12 307	25 079	23 749	11 627	11 627	11 627	–	12 546	13 324	14 110
Total non current liabilities	13 671	12 727	10 747	8 096	8 096	8 096	–	11 457	12 167	12 885
Community wealth/Equity	635 858	616 460	605 212	660 975	660 975	660 975	–	752 994	799 679	846 860
Cash flows										
Net cash from (used) operating	65 627	36 500	24 037	32 725	43 820	18 745	–	63 920	74 560	79 866
Net cash from (used) investing	–	(23 302)	8 123	(66 607)	(18 645)	(18 645)	–	(71 636)	(82 754)	(88 544)
Net cash from (used) financing	–	(138)	(99)	(713)	(713)	–	–	–	–	–
Cash/cash equivalents at the year end	86 279	15 034	47 277	(18 695)	40 362	16 000	–	(5 716)	(13 910)	(22 588)
Cash backing/surplus reconciliation										
Cash and investments available	19 478	15 033	3 195	15 935	15 935	15 935	–	24 109	26 174	27 245
Application of cash and investments	(13 303)	13 553	(4 065)	7 683	7 599	7 232	–	(19 898)	(45 121)	(47 754)
Balance - surplus (shortfall)	32 781	1 480	7 259	8 252	8 336	8 703	–	44 007	71 295	74 999
Asset management										
Asset register summary (WDV)	648 450	604 458	365 785	698 895	721 115	632 330	664 731	664 731	705 694	747 362
Depreciation & asset impairment	19 977	27 732	28 593	19 000	19 000	19 000	30 000	30 000	31 860	33 740
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	2 998	4 393	–	5 801	–	–	5 040	5 040	5 352	5 668
Free services										
Cost of Free Basic Services provided	20 436	20 436	20 436	20 436	20 436	21 741	17 885	17 885	18 994	20 095
Revenue cost of free services provided	15	15	15	15	15	15	15	15	15	15
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewage:	0	0	0	0	0	0	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	2	2	2	2	2	2	1	1	–	–

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

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		26 223	47 396	42 501	15 398	43 776	42 487	71 959	42 827	37 217
Executive and council		2 858	574	—	8	8	8	—	—	—
Budget and treasury office		22 612	38 210	39 697	15 385	43 479	42 189	69 741	40 472	34 722
Corporate services		753	8 612	2 804	5	290	290	2 218	2 355	2 494
<i>Community and public safety</i>		2 193	112	4 366	233	2 715	2 715	3 338	3 545	3 754
Community and social services		737	24	366	108	108	108	289	307	325
Sport and recreation		715	26	4 000	36	2 519	2 519	2 955	3 138	3 323
Public safety		674	—	—	—	—	—	—	—	—
Housing		67	61	—	88	88	88	94	100	106
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		762	148	6 604	1 150	2 398	2 398	5 223	5 547	4 976
Planning and development		703	58	1 010	1 000	1 000	1 000	799	848	—
Road transport		59	89	5 594	150	1 398	1 398	4 424	4 699	4 976
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		63 680	27 120	38 806	116 131	60 548	60 548	101 690	142 515	160 911
Electricity		35 539	14 721	14 375	92 398	22 020	22 020	11 370	12 075	12 787
Water		14 779	4 968	7 211	8 413	7 824	7 824	60 704	64 467	76 415
Waste water management		2 586	3 771	11 057	7 780	22 561	22 561	24 742	28 240	31 750
Waste management		10 777	3 661	6 162	7 540	8 143	8 143	4 874	37 733	39 959
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Standard	2	92 858	74 775	92 277	132 911	109 438	108 148	182 210	194 435	206 858
Expenditure - Standard										
<i>Governance and administration</i>		48 664	61 583	115 319	86 326	72 433	72 433	77 155	81 938	86 806
Executive and council		9 090	13 245	3 143	9 748	9 861	9 861	10 452	11 100	11 788
Budget and treasury office		32 408	40 870	73 157	30 608	15 329	15 329	16 341	17 354	18 378
Corporate services		7 165	7 468	39 019	45 970	47 243	47 243	50 362	53 484	56 640
<i>Community and public safety</i>		2 806	2 524	—	2 468	2 468	2 468	4 131	4 387	4 646
Community and social services		2 177	2 358	—	2 276	2 276	2 276	3 427	3 639	3 854
Sport and recreation		80	38	—	181	181	181	193	205	217
Public safety		542	119	—	—	—	—	—	—	—
Housing		4	9	—	11	11	11	11	12	13
Health		3	—	—	—	—	—	500	531	562
<i>Economic and environmental services</i>		7 361	9 338	—	4 568	4 568	4 568	16 869	17 915	18 972
Planning and development		1 996	2 144	—	2 315	2 315	2 315	2 467	2 620	2 775
Road transport		5 310	7 171	—	2 253	2 253	2 253	14 402	15 295	16 197
Environmental protection		55	23	—	—	—	—	—	—	—
<i>Trading services</i>		55 463	35 202	7 558	30 331	26 968	26 968	49 734	49 619	52 359
Electricity		37 129	22 331	3 804	16 502	15 139	15 139	16 138	17 138	18 150
Water		12 809	6 688	3 754	10 816	8 816	8 816	9 398	9 437	9 840
Waste water management		3 118	3 455	—	1 769	1 769	1 769	22 871	21 635	22 878
Waste management		2 407	2 728	—	1 245	1 245	1 245	1 327	1 409	1 492
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Standard	3	114 293	108 648	122 877	123 694	106 437	106 437	147 889	153 860	162 784
Surplus/(Deficit) for the year		(21 435)	(33 872)	(30 600)	9 218	3 000	1 711	34 321	40 575	44 074

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

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		R thousand								
Revenue by Vote	1									
Vote 1 - [NAME OF VOTE 1]		16 112	38 255	39 697	82 193	43 479	39 921	63 588	65 177	69 024
Vote 2 - [NAME OF VOTE 2]		753	8 612	2 804	5	290	290	49 960	2 355	2 494
Vote 3 - [NAME OF VOTE 3]		1 519	112	4 366	233	2 715	2 715	3 453	3 668	3 884
Vote 4 - [NAME OF VOTE 4]		65 117	27 165	44 400	49 473	61 946	65 214	65 208	123 235	131 457
Vote 5 - [NAME OF VOTE 5]		7 426	613	1 010	1 000	1 000	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		1 932	20	-	8	8	8	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	92 858	74 775	92 277	132 911	109 438	108 148	182 210	194 435	206 858
Expenditure by Vote to be appropriated	1									
Vote 1 - [NAME OF VOTE 1]		32 408	40 870	73 157	30 608	25 728	25 728	71 718	76 164	80 658
Vote 2 - [NAME OF VOTE 2]		7 165	7 513	20 261	37 027	34 760	34 759	40 751	40 623	43 020
Vote 3 - [NAME OF VOTE 3]		2 260	2 405	-	2 468	2 468	2 468	-	-	-
Vote 4 - [NAME OF VOTE 4]		62 960	33 922	26 316	41 527	34 989	34 989	32 339	33 800	35 640
Vote 5 - [NAME OF VOTE 5]		3 724	9 899	-	4 819	5 115	5 115	-	-	-
Vote 6 - [NAME OF VOTE 6]		5 717	14 016	3 143	7 244	3 377	3 378	3 081	3 273	3 466
Vote 7 - [NAME OF VOTE 7]		58	23	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	114 293	108 648	122 877	123 694	106 437	106 437	147 889	153 860	162 784
Surplus/(Deficit) for the year	2	(21 435)	(33 872)	(30 600)	9 218	3 000	1 711	34 321	40 575	44 074

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

Council of the City of Johannesburg - Financial Performance (Revenue and Expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	7 295	9 312	14 564	15 946	14 836	14 836	–	17 129	18 192	19 266
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	14 038	14 674	14 162	25 591	17 525	17 355	–	18 827	19 994	21 177
Service charges - water revenue	2	4 467	4 967	5 159	8 413	7 824	7 574	–	8 089	8 591	9 101
Service charges - sanitation revenue	2	25 729	3 770	6 246	7 780	8 558	8 105	–	8 632	9 167	9 715
Service charges - refuse revenue	2	2 336	3 660	5 749	7 540	8 143	1 621	–	2 187	2 322	2 466
Service charges - other		–	–	–	–	–	–		–	–	–
Rental of facilities and equipment		289	345	245	478	478	478		510	541	573
Interest earned - external investments		3 429	1 107	1 850	3 710	878	878		936	994	1 053
Interest earned - outstanding debtors		6	2 637	4 743	–	–	–		–	–	–
Dividends received		11	3	5	5	4	4		4	5	5
Fines		56	49	5	53	53	53		56	60	63
Licences and permits		2	1	–	6	6	6		7	7	7
Agency services		–	–	–	–	–	–		–	–	–
Transfers recognised - operational		54 673	53 974	53 929	53 514	53 514	53 514		50 227	47 591	50 424
Other revenue	2	979	727	6 071	9 891	3 724	3 724	–	3 970	4 216	4 465
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		113 310	95 227	112 728	132 926	115 543	108 148	–	110 574	111 681	118 314
Expenditure By Type											
Employee related costs	2	25 459	28 940	38 845	40 667	41 941	41 941	–	44 929	47 976	50 653
Remuneration of councillors		2 798	3 075	3 143	3 265	3 378			3 378	3 635	3 849
Debt impairment	3		4 897	14 622	5 678	5 678			15 000	16 140	17 092
Depreciation & asset impairment	2	19 977	27 732	28 593	19 000	19 000	19 000	–	30 000	31 860	33 740
Finance charges		3 703	599	992		50			53	57	60
Bulk purchases	2	19 953	22 792	22 605	27 982	24 782	24 782	–	26 991	28 665	30 356
Other materials	8								–		
Contracted services		453	–	–	1 000	2 296	2 296	–	4 050	584	619
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	48 451	29 671	32 620	35 044	18 419	18 419	–	23 487	24 943	26 415
Loss on disposal of PPE											
Total Expenditure		120 794	117 706	141 419	132 637	115 543	106 437	–	147 889	153 860	162 784
Surplus/(Deficit)		(7 484)	(22 480)	(28 691)	290	(1)	1 711	–	(37 315)	(42 179)	(44 470)
Transfers recognised - capital		23 167	24 336	17 445		18 645			71 636	82 754	88 544
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets					66 807						
Surplus/(Deficit) after capital transfers & contributions		15 683	1 856	(11 246)	67 097	18 644	1 711	–	34 321	40 575	44 074
Taxation											
Surplus/(Deficit) after taxation		15 683	1 856	(11 246)	67 097	18 644	1 711	–	34 321	40 575	44 074
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		15 683	1 856	(11 246)	67 097	18 644	1 711	–	34 321	40 575	44 074
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		15 683	1 856	(11 246)	67 097	18 644	1 711	–	34 321	40 575	44 074

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

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - [NAME OF VOTE 1]		28	5	2 606	168	50	50	-	-	-	-
Vote 2 - [NAME OF VOTE 2]		20	11	-	247	247	247	-	-	-	-
Vote 3 - [NAME OF VOTE 3]		3	-	4 366	3 102	2 810	2 810	-	2 258	2 875	3 042
Vote 4 - [NAME OF VOTE 4]		23 725	22 529	9 273	62 945	18 974	18 974	-	69 377	79 879	85 503
Vote 5 - [NAME OF VOTE 5]		40	18	-	295	88	88	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	50	50	50	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	23 816	22 563	16 244	66 807	22 218	22 218	-	71 635	82 754	88 544
Single-year expenditure to be appropriated	2										
Vote 1 - [NAME OF VOTE 1]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [NAME OF VOTE 2]		-	-	-	-	-	-	-	(2 899)	(3 079)	(3 260)
Vote 3 - [NAME OF VOTE 3]		(23 816)	(22 563)	(16 244)	(66 807)	(22 218)	(22 218)	-	(63 599)	(67 542)	(71 527)
Vote 4 - [NAME OF VOTE 4]		-	-	-	-	-	-	-	(5 137)	(12 133)	(13 757)
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		(23 816)	(22 563)	(16 244)	(66 807)	(22 218)	(22 218)	-	(71 635)	(82 754)	(88 545)
Total Capital Expenditure - Vote		(0)	-	0	0	0	0	-	0	0	(0)
Capital Expenditure - Standard											
Governance and administration		88	34	2 606	610	3 550	3 890	-	4 050	4 301	4 555
Executive and council		40	18	-	195	-	-	-	-	-	-
Budget and treasury office		28	5	2 606	168	3 550	3 890	-	4 050	4 301	4 555
Corporate services		20	11	-	247	-	-	-	-	-	-
Community and public safety		3	-	4 366	3 102	-	-	-	-	-	-
Community and social services		3	-	366	692	-	-	-	-	-	-
Sport and recreation		-	-	4 000	2 410	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		16	20	6 452	1 049	-	-	-	12 585	13 365	14 154
Planning and development		-	-	-	150	-	-	-	-	-	-
Road transport		16	20	6 452	899	-	-	-	12 585	13 365	14 154
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		23 708	22 509	2 821	62 046	18 668	18 328	-	55 000	65 088	69 836
Electricity		23 486	22 010	214	5 432	-	-	-	-	-	-
Water		151	134	-	600	-	-	-	-	6 843	8 155
Waste water management		71	365	2 194	53 461	-	-	-	-	-	-
Waste management		-	-	413	2 553	18 668	18 328	-	55 000	58 245	61 681
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	23 815	22 563	16 245	66 807	22 218	22 218	-	71 635	82 754	88 545
Funded by:											
National Government		22 090	20 972	13 639	62 497	22 218	22 218	-	71 635	82 754	88 545
Provincial Government		1 077	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	23 167	20 972	13 639	62 497	22 218	22 218	-	71 635	82 754	88 545
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		649	1 591	2 606	4 310	-	-	-	-	-	-
Total Capital Funding	7	23 816	22 563	16 245	66 807	22 218	22 218	-	71 635	82 754	88 545

FS161 Letsemeng - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		17 627	15 033	3 195	15 935	15 935	15 935		9 109	9 674	10 245
Call investment deposits	1	1 851	–	–	–	–	–	–	–	–	–
Consumer debtors	1	3 148	12 568	19 911	745	745	745	–	40 968	75 368	79 799
Other debtors		14 576	2 329	7 880	1 926	1 926	1 926	–	–	–	–
Current portion of long-term receivables			512		29 366	29 366	29 366	–	32 077	34 065	36 075
Inventory	2		956	7 119	396	396	396	–	422	448	474
Total current assets		37 202	31 398	38 105	48 368	48 368	48 368	–	82 576	119 555	126 593
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	15 000	16 500	17 000
Investment property		–	–	–	19 514	19 514	19 514	–	20 802	22 091	23 395
Investment in Associate		–	18 409	10 306	–	–	–	–	–	–	–
Property, plant and equipment	3	624 634	600 078	587 063	612 614	612 614	612 614	–	643 479	683 374	723 725
Agricultural		–	3 929	–	–	–	–	–	–	–	–
Biological		–	–	3 929	–	–	–	–	–	–	–
Intangible		–	451	306	202	202	202	–	450	229	242
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		624 634	622 867	601 604	632 330	632 330	632 330	–	679 731	722 194	764 362
TOTAL ASSETS		661 836	654 265	639 709	680 698	680 698	680 698	–	762 307	841 749	890 955
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	30	–	–	–	–	–	–	–	–
Consumer deposits		615	693	722	790	790	790	–	842	894	947
Trade and other payables	4	11 692	23 821	22 374	10 270	10 270	10 270	–	10 949	11 628	12 314
Provisions		–	535	653	567	567	567	–	755	802	849
Total current liabilities		12 307	25 079	23 749	11 627	11 627	11 627	–	12 546	13 324	14 110
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		13 671	12 727	10 747	8 096	8 096	8 096	–	11 457	12 167	12 885
Total non current liabilities		13 671	12 727	10 747	8 096	8 096	8 096	–	11 457	12 167	12 885
TOTAL LIABILITIES		25 978	37 806	34 497	19 723	19 723	19 723	–	24 003	25 491	26 995
NET ASSETS	5	635 858	616 459	605 212	660 975	660 975	660 975	–	738 304	816 258	863 960
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		635 858	616 460	605 212	660 975	660 975	660 975	–	752 994	799 679	846 860
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	635 858	616 460	605 212	660 975	660 975	660 975	–	752 994	799 679	846 860

FS161 Letsemeng - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges			6 725	12 145	13 554	14 836	14 836		12 847	13 643	14 448
Service charges		54 673	19 408	38 265	49 324	42 050	42 050		27 340	29 035	30 748
Other revenue		23 167	1 536	3 763	10 428	4 261	4 261		4 543	4 825	5 109
Government - operating	1	54 673	65 420	50 779	53 514	53 514	53 514		50 227	53 341	56 488
Government - capital	1	23 167	24 725	17 359	62 497	16 978	18 645		71 636	82 754	88 544
Interest		3 427	3 744	6 593	2 968	3 047	878		936	994	1 053
Dividends		11	3	5	5	–	4		4	4	4
Payments											
Suppliers and employees		(89 731)	(84 462)	(104 017)	(105 401)	(90 816)	(115 493)		(103 559)	(109 980)	(116 469)
Finance charges		(3 760)	(599)	(855)	(21 677)	(50)	50		(53)	(56)	(60)
Transfers and Grants	1				(32 487)				–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		65 627	36 500	24 037	32 725	43 820	18 745	–	63 920	74 560	79 866
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			–	–					–	–	–
Decrease (Increase) in non-current debtors				–					–	–	–
Decrease (increase) other non-current receivables				6					–	–	–
Decrease (increase) in non-current investments			(23 302)	8 117					–	–	–
Payments											
Capital assets					(66 607)	(18 645)	(18 645)		(71 636)	(82 754)	(88 544)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(23 302)	8 123	(66 607)	(18 645)	(18 645)	–	(71 636)	(82 754)	(88 544)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing			(138)	(99)					–	–	–
Increase (decrease) in consumer deposits					(713)	(713)	–		–	–	–
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(138)	(99)	(713)	(713)	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		65 627	13 060	32 061	(34 595)	24 462	100	–	(7 716)	(8 194)	(8 678)
Cash/cash equivalents at the year begin:	2	20 652	1 974	15 216	15 900	15 900	15 900		2 000	(5 716)	(13 910)
Cash/cash equivalents at the year end:	2	86 279	15 034	47 277	(18 695)	40 362	16 000	–	(5 716)	(13 910)	(22 588)

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

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	86 279	15 034	47 277	(18 695)	40 362	16 000	–	(5 716)	(13 910)	(22 588)
Other current investments > 90 days		(66 801)	(1)	(44 082)	34 630	(24 427)	(65)	–	14 825	23 584	32 833
Non current assets - Investments	1	–	–	–	–	–	–	–	15 000	16 500	17 000
Cash and investments available:		19 478	15 033	3 195	15 935	15 935	15 935	–	24 109	26 174	27 245
Application of cash and investments											
Unspent conditional transfers		–	13 713	12 891	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(13 303)	(161)	(16 956)	7 683	7 599	7 232	–	(19 898)	(45 121)	(47 754)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(13 303)	13 553	(4 065)	7 683	7 599	7 232	–	(19 898)	(45 121)	(47 754)
Surplus(shortfall)		32 781	1 480	7 259	8 252	8 336	8 703	–	44 007	71 295	74 999

FS161 Letsemeng - Table A9 Asset Management

City of Epping - Table A3 Asset Management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	23 815	23 013	16 245	66 807	22 421	22 218	71 635	82 754	88 544
Infrastructure - Road transport		16	20	6 452	50	459	483	6 060	4 071	4 151
Infrastructure - Electricity		87	97	214	5 432	4 495	6 020	-	-	-
Infrastructure - Water		151	134	-	600	-	600	55 000	65 000	70 000
Infrastructure - Sanitation		71	365	2 194	53 461	11 209	11 527	1 900	-	2 742
Infrastructure - Other		23 399	21 913	413	3 402	-	344	8 675	13 683	11 651
Infrastructure		23 724	22 528	9 273	62 945	16 163	18 974	71 635	82 754	88 544
Community		-	-	4 366	3 102	2 482	2 810	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	91	34	2 606	558	3 574	232	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	451	-	202	202	202	-	-	-
<u>Total Renewal of Existing Assets</u>	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		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		16	20	6 452	50	459	483	6 060	4 071	4 151
Infrastructure - Electricity		87	97	214	5 432	4 495	6 020	-	-	-
Infrastructure - Water		151	134	-	600	-	600	55 000	65 000	70 000
Infrastructure - Sanitation		71	365	2 194	53 461	11 209	11 527	1 900	-	2 742
Infrastructure - Other		23 399	21 913	413	3 402	-	344	8 675	13 683	11 651
Infrastructure		23 724	22 528	9 273	62 945	16 163	18 974	71 635	82 754	88 544
Community		-	-	4 366	3 102	2 482	2 810	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	91	34	2 606	558	3 574	232	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	451	-	202	202	202	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	23 815	23 013	16 245	66 807	22 421	22 218	71 635	82 754	88 544
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	124 943	122 656	65 283	122 573	123 032	122 573	86 766	92 145	97 582
Infrastructure - Electricity		125 014	122 733	75 781	127 955	132 450	127 955	283 198	300 756	318 532
Infrastructure - Water		125 078	122 770	75 568	123 123	123 123	123 123	102 000	108 324	114 715
Infrastructure - Sanitation		124 998	123 001	77 761	175 984	187 193	109 419	87 979	93 434	98 946
Infrastructure - Other		148 286	108 844	60 180	125 885	125 885	125 885	83 537	88 716	93 950
Infrastructure		648 319	600 004	354 573	675 519	691 683	608 954	643 479	683 374	723 725
Community		3	0	4 371	3 102	2 482	3 102	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	19 514	19 514	19 514	20 802	22 091	23 395
Other assets		128	74	2 606	558	7 234	558	-	-	-
Agricultural Assets		-	3 929	-	-	-	-	-	-	-
Biological assets		-	-	3 929	-	-	-	-	-	-
Intangibles		-	451	306	202	202	202	450	229	242
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	648 450	604 458	365 785	698 895	721 115	632 330	664 731	705 694	747 362
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>	3	19 977	27 732	28 593	19 000	19 000	19 000	30 000	31 860	33 740
<u>Repairs and Maintenance by Asset Class</u>		2 998	4 393	-	5 801	-	-	5 040	5 352	5 668
Infrastructure - Road transport		-	-	-	-	-	-	2 690	2 781	2 875
Infrastructure - Electricity		-	-	-	-	-	-	500	531	562
Infrastructure - Water		-	-	-	-	-	-	350	372	394
Infrastructure - Sanitation		-	-	-	-	-	-	150	159	169
Infrastructure - Other		-	-	-	-	-	-	200	212	225
Infrastructure		-	-	-	-	-	-	3 890	4 055	4 224
Community		-	-	-	-	-	-	400	500	600
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	2 998	4 393	-	5 801	-	-	750	797	843
TOTAL EXPENDITURE OTHER ITEMS		22 975	32 125	28 593	24 801	19 000	19 000	35 040	37 212	39 408
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.5%	0.7%	0.0%	0.9%	0.0%	0.0%	0.8%	0.8%	0.8%
Renewal and R&M as a % of PPE		0.0%	1.0%	0.0%	1.0%	0.0%	0.0%	1.0%	1.0%	1.0%

FS161 Letsemeng - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		10 211	10 211	10 211	10 211	10 211	10 211	10 211	10 211	10 211
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	243	243	243	243	243	243	243	243	243
Other water supply (at least min.service level)	4	788	788	788	788	788	788	788	788	788
<i>Minimum Service Level and Above sub-total</i>		11 242	11 242	11 242	11 242	11 242	11 242	11 242	11 242	11 242
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	11 242	11 242	11 242	11 242	11 242	11 242	11 242	11 242	11 242
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		8 858	8 858	8 858	8 858	8 858	8 858	8 858	8 858	8 858
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		2 181	2 181	2 181	2 181	2 181	2 181	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		11 039	11 039	11 039	11 039	11 039	11 039	11 039	8 858	8 858
Bucket toilet		203	203	203	203	203	203	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		203	203	203	203	203	203	–	–	–
Total number of households	5	11 242	11 242	11 242	11 242	11 242	11 242	11 039	8 858	8 858
Energy:										
Electricity (at least min.service level)		3 833	3 833	3 833	3 833	3 833	3 833	6 933	6 933	6 933
Electricity - prepaid (min.service level)		7 409	7 409	7 409	7 409	7 409	7 409	7 450	7 450	7 450
<i>Minimum Service Level and Above sub-total</i>		11 242	11 242	11 242	11 242	11 242	11 242	14 383	14 383	14 383
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	11 242	11 242	11 242	11 242	11 242	11 242	14 383	14 383	14 383
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		1 812	1 812	1 812	1 812	1 812	1 812	1 000	–	–
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		17	17	17	17	17	17	–	–	–
No rubbish disposal		55	55	55	55	55	55	–	–	–
<i>Below Minimum Service Level sub-total</i>		1 884	1 884	1 884	1 884	1 884	1 884	1 000	–	–
Total number of households	5	1 884	1 884	1 884	1 884	1 884	1 884	1 000	–	–
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		3 920	3 920	3 920	3 920	3 920	4 170	3 445	3 658	3 870
Sanitation (free sanitation service to indigent households)		7 090	7 090	7 090	7 090	7 090	7 543	6 157	6 538	6 918
Electricity/other energy (50kwh per indigent household per month)		2 663	2 663	2 663	2 663	2 663	2 833	2 340	2 485	2 629
Refuse (removed once a week for indigent households)		6 763	6 763	6 763	6 763	6 763	7 195	5 944	6 312	6 678
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		20 436	20 436	20 436	20 436	20 436	21 741	17 885	18 994	20 095
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kw h per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		15	15	15	15	15	15	15	15	15
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	15	15	15	15	15	15	15	15	15

PART 2

2.1. BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015 a time schedule that sets out the process to revise the IDP and prepare the annual budget.

The Mayor tabled the required IDP process plan and budget time schedule in line with the applicable legislation. However, adherence to these plans was not achieved as the processes were not undertaken exactly at the dates that were indicated in the plans. There was also a delay in establishment of Budget Steering Committee which might have had an impact in effective compilation of the budget.

The community and other stakeholders were consulted during the review of Integrated Development Plan which informed this annual budget. Further consultation will take place immediately after the annual budget and revised Integrated Development Plan have been tabled to Council. These consultations are expected to take place between April 2016 and May 2016. Plans are in place for Council to consider approval of the IDP and annual budget at least 30 days before the start of a new financial year, as required by the Municipal Finance Management Act.

2.2. Measurable performance objectives

Performance Management is a system intended to manage and monitor service delivery progress against the predetermined 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 a performance management system (in the process of implementation) of which system is constantly refined as the integrated planning process unfolds. The measurable performance objectives will be included in the service delivery and budget implementation plan when it is submitted to the Council for approval.

2.4. Overview of the Budget-Related Policies

The Municipal Budget and Reporting Regulations promulgated under the Municipal Finance Management Act 52 of 2003, prescribe the budget-related policies that must be approved together with the budget related policies below:

2.4.1 Provision for Bad Debt and Write off Policy.

Our debtors' book records show that the municipality is being owed over 78 million with household being the biggest contributor of over 54 million. While it is of utmost importance for Council to recover the debts and measures and internal controls need to be effective i.e. Revenue Enhancement Strategy, there is also a Social dilemma to consider as majority of Letsemeng are grant dependants.

2.4.2 Indigents Policy.

Currently the indigents policy provides that verified total gross monthly income of all occupants over 18 years of age does not exceed two times the official state monthly old age pension, (currently $R1\ 350 \times 2 = R2\ 700.00$ per month). It is therefore considered that this income level is still very small and will lead to continued challenges relating to collection. The proposed maximum amount should therefore be reviewed and increased to R4 000. This is taken into account after considering the proposed official state monthly old age pension of R1440.

2.2 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.

The municipality is expecting an allocation of unconditional grant i.e. Equitable Share of R 47 402 700 for 16/17 financial year. Below please find the table showing funding of indigents for free basic services in respect of the allocation:

Free Basic Services					
Description	Household	Tariff	Total	Month	Yearly Consumption
Refuse	5 000.00	99.06	R 495 300.00	12.00	R 5 943 600.00
Sanitation	5 000.00	102.61	R 513 050.00	12.00	R 6 156 600.00
Water	5 000.00	57.41	R 287 050.00	12.00	R 3 444 600.00
Electricity	5 000.00	39.00	R 195 000.00	12.00	R 2 340 000.00
Total					R 17 884 800.00

The funding for capital budget will be from Municipal Infrastructure Grant, Municipal Water Infrastructure Grant as well as internally generated funds.

The calculation of budgeted property rates in the table below took into consideration exemption of first R15 000 being exempt of households for property rates and also households less of value R45 000 are exempt from property rates 100%

Property rates Supporting Schedule			
Category	Valuation as per the	Tariff	Estimate
Residential	R 576 180 143.00	0.0132624	R 7 641 557.46
Business and Industrial	R 164 891 009.00	0.0144790	R 2 387 456.01
Government	R 125 784 722.00	0.0161502	R 2 031 447.47
Vacant land	R 88 639 128.00	0.0143297	R 1 270 170.47
Farms	R 1 587 811 414.00	0.0016343	R 2 595 038.00
Small Holdings	R 164 480 606.00	0.0073158	R 1 203 307.96
Total			R 17 128 977.37

The anticipation is that Council will collect 75% of the budgeted Property Rates

Estimates of revenue from Electricity are stated below:

Electricity					
Description	Household	Tariff	Total	Month	Yearly Charge
Residential	4 970.00	83.07	R 412 857.90	12.00	R 4 954 294.80
Business	2 603.00	104.37	R 271 675.11	12.00	R 3 260 101.32
Government	1 548.00	143.78	R 222 563.70	12.00	R 2 670 764.40
Total					R 10 885 160.52

Basis for Estimates of Water, Sanitation and Refuse Removal Revenue.

In order to establish the anticipated revenue from water, sanitation and refuse removal, the determination was based on the current year collection increased by CPI of 6.5% for **Sanitation and Refuse Removal** and 6.8% (as determined by Kalkfontein) for **Water Revenue**.

2.2.1 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 ensure that spending is done 100%.

DORA GRANTS ALLOCATIOFOR LETSEMENG MUNICIPALITY FOR 16/17 MTREF DORA GRANT	ALLOCATED AMOUNT
Equitable Share	R47 402 700
Municipal Water Infrastructure Grant (Water Services Infrastructure)	R55 000 000
Municipal Infrastructure Grant	R16 635 000
Expanded Public Works Programme	R1 000 000
Financial Management Grant	R1 825 000
Integrated National Electrification Programme (Eskom) Grant	R64 000

All the grants allocated are conditional i.e. have to meet an obligation except Equitable Share grant which is unconditional.

2.2.2. Councillor and board members allowances and employee benefits

The Municipal System Act, section 66(1) requires the Municipal Manager to approve a staff establishment for the municipality within a policy framework determined by the municipal council and subject to any applicable legislation. The act further requires the Municipal Manager to provide a job description for each post on the staff establishment and to attach to those posts the remuneration and other conditions of service as may be determined in accordance with any applicable labour legislation.

The Senior Managers, in consultation and with concurrence of the Municipal Manager have reviewed the structure of their respective departments. Most of the critical posts that were identified during the 2016-17 financial year were filled during the current financial year.

(a) Employee costs will increase from R41 941 000 (2015-16 adjustment budget) to R 44 457 460; the CPI increase of 6% was taken into consideration.

(b) Councillor allowances will increase in accordance with the determination of upper limits for Councillors that was used as per basis to budget for the allowances.

2.2.3 Monthly targets of revenue, expenditure and cash flow

The municipality has over the years been in a position to bill all its budgeted revenue.

This meant that the municipality had to prioritise its spending as the spending is informed by availability of cash. Therefore, the spending on operational expenditure has been marginally less than anticipated due to cash flow constraints. Nevertheless, the municipality has been able to meet its financial obligations as they become due, during the course of the 2015-16.

Below please find the table that shows actual revenue collected against the expenditure for the 3 quarters of Financial Year.

Free State: Letsemeng (FS161) - Table C1 Schedule Quarterly Budget Statement Summary for 3rd Quarter ended 31 March 2016

Description	2014/15	Budget year 2015/16									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Financial Performance											
Property rates	14 564	15 946	15 946	3 630	3 789	1 136	8 555	11 400	(2 845)	(24.96)	15 946
Service charges	31 316	49 324	49 324	10 940	9 799	3 988	24 727	40 507	(15 780)	(38.96)	49 324
Investment revenue	1 850	3 710	3 710	518	300	64	882	2 783	(1 901)	(68.30)	3 710
Transfers recognised - operational	53 929	53 514	53 514	21 673	16 595	-	38 268	53 514	(15 246)	(28.49)	53 514
Other own revenue	11 069	10 433	10 433	65	56	22	143	1 432	(1 289)	(90.01)	10 433
Total Revenue (excluding capital transfers and contributions)	112 728	132 927	132 927	36 826	30 539	5 209	72 574	109 635	(37 061)	(33.80)	132 927
Employee costs	38 845	40 667	40 667	9 728	10 204	3 736	23 668	29 516	(5 847)	(19.81)	40 667
Remuneration of councillors	3 143	3 265	3 265	797	796	265	1 859	2 471	(612)	(24.76)	3 265
Depreciation & asset impairment	28 593	19 000	19 000	-	-	-	-	14 250	(14 250)	(100.00)	19 000
Finance charges	992	-	-	-	-	-	-	48	(48)	(100.00)	-
Materials and bulk purchases	22 605	27 982	27 982	6 008	4 911	2 259	13 178	18 963	(5 785)	(30.51)	27 982
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	47 457	41 722	41 722	5 818	5 870	1 014	12 701	31 230	(18 529)	(59.33)	41 722
Total Expenditure	141 635	132 636	132 636	22 350	21 781	7 274	51 406	96 477	(45 071)	(46.72)	132 636
Surplus/(Deficit)	(28 907)	290	290	14 476	8 758	(2 065)	21 169	13 158	8 011	60.88	290
Transfers recognised - capital	17 445	-	-	5 899	5 153	-	11 052	-	11 052	-	-
Contributions recognised - capital & contributed assets	-	66 807	66 807	-	-	-	-	-	-	-	66 807
Surplus/(Deficit) after capital transfers & contributions	(11 462)	67 097	67 097	20 375	13 911	(2 065)	32 221	13 158	19 063	144.88	67 097
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(11 462)	67 097	67 097	20 375	13 911	(2 065)	32 221	13 158	19 063	144.88	67 097
Capital expenditure & funds sources											
Capital expenditure	16 244	66 807	66 807	1 990	7 287	979	10 257	18 429	(8 172)	(44.34)	66 807
Transfers recognised - capital	13 639	62 497	62 497	1 124	6 564	928	8 616	12 733	(4 117)	(32.33)	62 497
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 606	4 310	4 310	866	723	51	1 640	5 727	(4 087)	(71.36)	4 310
Total sources of capital funds	16 244	66 807	66 807	1 990	7 287	979	10 257	18 460	(8 204)	(44.44)	66 807
Financial position											
Total current assets	38 105	48 368	48 368	40 425	40 425	40 425	40 425	36 276	4 149	11.44	48 368
Total non current assets	601 604	632 330	632 330	197	197	197	197	474 248	(474 051)	(99.96)	632 330
Total current liabilities	23 749	11 627	11 627	35 273	35 273	35 273	35 273	8 720	26 553	304.50	11 627
Total non current liabilities	10 747	8 096	8 096	-	-	-	-	6 072	(6 072)	(100.00)	8 096
Community wealth/Equity	605 212	660 975	660 975	5 348	5 348	5 348	5 348	495 731	(490 383)	(98.92)	660 975
Cash flows											
Net cash from (used) operating	(4 007)	15 905	15 905	15 996	8 761	(3 694)	21 063	26 242	(5 179)	(19.74)	15 905
Net cash from (used) investing	(7 732)	(66 607)	(66 607)	(1 990)	(7 287)	(979)	(10 257)	(18 461)	8 204	(44.44)	(66 607)
Net cash from (used) financing	(99)	(713)	(713)	-	-	-	-	(535)	535	(100.00)	(713)
Cash/cash equivalents at the year end	3 195	(35 515)	(35 515)	17 085	18 558	13 885	13 885	23 147	(9 262)	(40.01)	(35 515)
Collection Rate											
Property rates	83.39	85.00	85.00	54.96	70.17	34.57	58.99	89.17	-	-	85.00
Service charges	23.66	66.11	66.11	56.59	56.10	69.05	58.41	60.38	-	-	66.11
Service charges - electricity revenue	-	85.39	85.39	89.61	103.72	104.44	97.24	87.72	-	-	85.39
Service charges - water revenue	-	55.00	55.00	42.81	41.66	49.95	43.44	38.29	-	-	55.00
Service charges - sanitation revenue	-	40.00	40.00	29.81	26.25	39.15	29.61	36.05	-	-	40.00
Service charges - refuse revenue	-	40.00	40.00	26.44	25.67	32.13	26.93	35.99	-	-	40.00
Service charges - other	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	100.00	-	-	-	-	-	-	-	-	-	-

Although the municipality has been operating with a positive cash flow balance for over two financial years, the revenue base of the municipality has decreased drastically. This meant that the municipality had very little to contribute towards capital expenditure or service delivery related obligations that are affecting our daily operations to attend to infrastructure assets. To date, the municipality contributes less than 20% towards capital budget and depend heavily on grants and subsidies from both national and provincial government, for its operational budget.

2.2.3 Annual budgets and service delivery budget and 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, 28 days after the annual budget has been approved.

2.2.4. Contracts having future budgetary implications

The municipality does not intend to enter into contracts that have future budgetary implications. In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation or Adjudication committees must obtain formal financial comments from the Budget and Treasury Office.

2.2.5. Capital expenditure details

The total capital expenditure budget of the municipality is R70 867 000.

The total Capital Expenditure comprises the following:

Municipal Water Infrastructure Grant is allocated at R55 000 000

Municipal Infrastructure Grant at R15 803 000(R16 635 000 - R832 000)

Integrated National Electrification Programme (Eskom) Grant at R64 000.

2.2.6 Legislation compliance

There has been substantial improvement in terms of compliance. Reporting to National Treasury in electronic format (Appendix B returns) was fully complied with on a monthly basis where there have been challenges of compliance; such challenges were reported to Provincial Treasury.

2.2.7 In year reporting

Section 71 reporting to the Mayor will be submitted in Schedule C of the MBRR and plans are in place to update the website and published financial performance on the municipality's website. It is the intention of the municipality (Councillors and Management) to move beyond compliance but rather focus on the quality of reports that are required in terms of various legislations.

2.2.8. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme funded by Finance Management Grant and has currently employed four interns undergoing training in various divisions of the Budget and Treasury Office.

The municipality is expected to received R1 825 000 of Financial Management Grant.

2.2.9. Budget and Treasury Office

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

2.2.10. Shared Audit & Performance Committee

A Shared Audit and Performance Committee have been established, which is a shared service with the Xhariep District Municipality. The committee is fully functional and has been having their meetings as required by law and submitting reports to Council.

2.2.11 Service Delivery Budget and Implementation Plan

The detailed SDBIP document is at a draft stage and will be finalised after approval of the 2016-17 Annual Budget in June 2016.

2.2.12. Other supporting documents

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

(a) Tariff list

(b) Budget Related policies.

2.2.13 Provision for draught and Budget for HIV & AIDS

Due to the devastating drought experienced in the Free State has affected the socio-economic climate, the municipality has set aside a budget of R 1000 000 as a provision for draught. Furthermore the municipality has set aside a budget of R 500 000 towards HIV & AIDS operation

PART 3: Budget Alignment with the IDP

3.1 Process of aligning Annual Budget with the IDP

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid- year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections. With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid- year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan.

Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

3.1.2 Financial Modelling and Key Planning Drivers

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

- Growth in the Local Areas
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP

- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

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

3.1.3 Community Consultation

Ward Committees were utilised to facilitate the community consultation process which included open public briefing sessions.

3.2 Overview of alignment of annual budget with IDP

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

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

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

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of

government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

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

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2015 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

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

3.4 IDP Strategic Objectives

- a) Municipal Transformation and Institutional Development;
- b) Basic Service Delivery;

- c) Local Economic Development;
- d) Financial Management and Viability,
- e) Good Governance and Public Participation.
- f) Municipal Financial Viability and Management

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

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

3.5 Provision of quality basic services and infrastructure which includes, amongst others:

1. Provide electricity
2. Provide water;
3. Provide sanitation;
4. Provide waste removal;
5. Provide roads and storm water;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above. The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following table provide a reconciliation between the IDP strategic objectives and the budget.

3.6 IDP Projects Alignment Table (Operational and Capital Expenditure

Key Performance	Department	Project	Budget
Basic Service Delivery	Technical	Koffiefontein: Upgrading of existing Waste Disposal Site (MIS:207907)	R6 674,700
Basic Service Delivery	Technical	Luckhoff: Upgrading of waste water treatment works: (MIS: 221659)	R5 568,490
Basic Service Delivery	Technical	Jacobsdal: Upgrading of waste water treatment works (Phase 1)	R5 998,887
Basic Service Delivery	Technical	Petrusburg/Bolokanang: Upgrading of internal sewer network	R1 900,000
Basic Service Delivery	Technical	Koffiefontein/Diamanthoogte: upgrading of Access Road and Storm Water (0.5km)	R3 508,949.67
Basic Service Delivery	Technical	Koffiefontein/Sonwabile: Construction of new sports facility (MIS:233171)	R2 551,452
Financial Management and Viability	BTO	Installation of Smart Meters	R5000,000
Financial Management and Viability	BTO	MSCOA Project	R4 000 000
Basic Service Delivery	Technical	Jacobsdal Ratanang Refurbishment Project	R5 000,000
Basic Service Delivery	Technical	Refurbishment of Koffiefontein Water Treatment Works	R10 000,000
Basic Service Delivery	Technical	Jacobsdal Water Treatment Project	R32 000,000

Basic Service Delivery	Technical	Oppermansgronde Refurbishment Project	R6 000,000
Basic Service Delivery	Technical	Petrusburg Borehole Project	R2 000,000

LETSEMENG LOCAL MUNICIPALITY

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KOFFIEFONTEIN
9986



FOON / PHONE
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OFFICE OF THE MUNICIPAL MANAGER

To whom it may concern

Re: Quality Certificate for 2016-17 Final Annual Budget


I, Bafunani Mnguni, the Municipal Manager of Letsemeng Local Municipality (FS161), hereby certify that the final annual budget for the 2016-17 financial years has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the draft annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Name: Mr Bafunani Mnguni
Municipality: Letsemeng Local Municipality

Signature: _____

Date: _____

Tariff List

	.ITY				
Description	2015/2016		% Inc	2016/2017	
	R			R	
Property Tax					
Category	2015/2016	Rebate		2016/2017	
Residential	0.0125	0	6.60%	0.0132	
Business, Industrial	0.0136	0	6.60%	0.0144	
Government	0.0152	0	6.60%	0.0161	
Vacant Stands	0.0135	0	6.60%	0.0143	
Churches					
NGO, Creche, PBO Structured and Registered					
Municipality					
Small Holdings	0.0068693		6.60%	0.0073	
Farms	0.0015346		6.60%	0.0016	
<u>The above tariffs must be read in conjunction with the municipality's comprehensive Property Tax Policy</u> <u>Property Tax is calculated on the total improvement value (Land & Improvements)</u>					

The first R 15 000 of the total improvement value of residential properties is exempted from property tax.							
The first R 70 000 of the total improvement, value of residential property of indigent owners is exempted from property tax.							
Property tax is payable monthly and if not paid interest at a rate as determined from time to time will be levied on all arrear amounts.							
Administration							
Photocopies							
Tax Certificates							
Per Certificate	95.2700		6.60%	100.986 2			
Valuation Certificate							
Per Certificate	49.68		5%	52.16			
Building Plan Fees							
Per Application	192.89		10%	212.18			
Posters in municipal open spaces or against posts							
Deposit: per poster for consumers or political parties	13.50		10%	14.85			
General photocopying	2.1000		6.60%	2.226 0			
Fax received	5.50		6.6%	5.830 0			
Fax sent	6.8300		6.60%	7.239 8			
If the political party doesnt remove the posters after 7 days has lapsed since the gathering or meeting had taken place, the above deposit is forfeited.							
Cemeteries, Parks & Sport Grounds							
Cemetery Fees							
Site Fee (Digging of grave included)	623		6.20%	661.63			
Site Fee (Digging of grave excluded)	72.49		10%	79.74			
Pauper burials							
Must qualify as an indigent according to the indigent policy							
Must be an approved indigent							

Must already receive a financial subsidy						
Must be an permanent resident at the address as approved for indigent subsidy						
The deceased must be on the application form of the approved application form for indigent subsidy						
Pauper funerals will be subsidised as follows:						
Adults	1753.38		10%	1928.72		
Children	1129.3		10%	1242.23		
Funeral will be allowed to take place over week ends and also where the applicants will cover the grave themselves.						
If a funeral is to take place on a Monday then arrangements must be made with the office on the previous Friday						
Sport Grounds						
That all sport clubs received the following subsidies on the condition that the Municipal Manager can discuss any problems that he/she experiences regarding the usage of the subsidy by a sport club directly with the relevant sport club on behalf of the Council						
The usage of water, sewerage and refuse removal on condition that they maintain the club and grounds						
R 593.00 per month which amount includes the maintenance of the facilities and free municipal services						
Yachting Club						
Free municipal services						
Sport Committees						

A subsidy of R 1 500.00 per month for the maintenance of sport facilities as per contract						
Caravan Park Fees						
Camping Fees per day	242.14		5%	254.25		
Properties						
Pound Master: Works Foreman in each Town						
Tariffs within the municipal area						
Driving of livestock within the municipal area						
In the case of livestock (excluding tame ostriches) whether one or more to be driven to the pound: per kilometre	4.9		6.60%	5.22		
with the understanding that if,						
A herd consists of more than 50 small livestock or 20 large livestock: per kilometre	4.9		6.60%	5.22		
Small livestock, donkeys, horses and mules: the total amount payable will not exceeds the amount calculated per kilometre	4.9		660%	5.22		
Tamed ostriches: Per ostrich per kilometre	4.9		6.60%	5.22		
Pigs: per pig per kilometre	4.9		6.60%	5.19		
Pound Fees						

Pound fees per animal that is impounded within the municipal area per day.					
Large Livestock	122.92		3%	126.61	
Small Livestock	73.77		3%	75.98	
Horses, Mules and Donkeys	122.92		3%	126.61	
Pigs	73.77		3%	75.98	
Trespassing Fees					
Large Livestock (each)	9.82		3%	10.11	
Small Livestock (each)	4.91		3%	5.06	
Grazing Fees / Caring Fees					
Large Livestock (each per month)	29.52		3%	30.41	
Small Livestock (each per month)	16.92		3%	17.43	
Definitions					
Large livestock is horses, donkeys, mules, cattle, pigs and ostriches					
Small livestock is sheep and goats					
Advertisements: Pounds					
Advertising cost is cost occurred for the advertisement of the selling of stock impounded and which is collected before it is sold.					
The advertisement period for the selling of stock is 21 days for all stock except donkeys, pigs and mules which is as soon as possible					
Commonage fees per Ha, per year	49		0%	49	
Licenses					

Dog Licenses						
Wolfhonde & Windhonde						
For the first dog (Sterilised or not)	36.87		0%	36.87		
For each additional dog	49.12		0%	49.12		
Other dogs						
Sterilised	24.51		0%	24.51		
Not Sterilised (Male)	35.1		0%	35.1		
Not Sterilised (Female)	36.87		0%	36.87		
For each additional dog	49.13		0%	49.13		
Fines						
On each full month since license fee became due: 2.5%						
Business Licenses						
Application Fee	72.96		10%	80.26		
Businesses: Food	184.32		0%	184.32		
Hawkers per day at the approved sites (Works Foreman will collect the fees)	25.49		0%	25.49		
Hawkers from other municipal areas per day	112.68		0%	112.68		
Flats for the aged	350		0%	350.00		
Public Works						
Sundry Tariffs						
Services Rendered						

Post level 5: Artisan - calculated from the time he/she left his/her works place until such time he/she returns to his/her works place. (per hour)	270.096		5%	283.60		
An additional allowance per day is payable if he/she must work outside the municipal area	60.05		10%	66.06		
Post Level 11 16: Labourers - per day per employee	414.1		10%	455.51		
An additional allowance per day is payable if he/she must work outside the municipal area	20.77		6%	22.02		
Compressor: Per actual hours worked as per hour meter (including labour & petrol)	220.88		6%	234.13		
Vacuum Tank and Tractor						
Per hour and	159.08		10%	174.99		
Per kilometre	6.41		10%	7.05		
Labour supplied by municipality and is inclusive						
Vacuum Tanker						
Per hour and	144.63		10%	159.09		
Per kilometre	49.6		6.60%	52.87		
Light Vehicles: per kilometre	4.11		6.60%	4.38		
Graders						
Per actual hour worked (diesel included)	497.08		6.60%	529.89		
Petra Diamonds Mine: Petrol and labour						
Excavator						
Per actual hour worked (diesel included)	442.55		6.60%	471.76		
After Hour Calls: per call if less than 30 minutes	69.03		6.60%	73.59		
Bulldozer			6.60%			
Per actual hour worked (diesel included)	690.34		6.60%	735.90		
			6.60%			
Tipper Trucks			6.60%			
Per hour and	137.95		6.60%	147.05		
Per kilometre	13.81		6.60%	14.72		
Flat Base Trucks per kilometre	17.97		6.60%	19.16		
Tractors per hour	82.81		6.60%	88.28		
Deposit on tractor	620.16		6.60%	661.09		

Traveling cost of equipment to be paid by user.						
TLB (Back Hoe)						
Per actual hour worked (diesel included)	510.35		10%	561.39		
Small trailer per day	214.35		10%	235.79		
Rental of Bo-Mac per day or part thereof	708.64		10%	779.50		
Road closures per day or part thereof	53.14		10%	58.45		
Refuse Removal						
Refuse Removal Fees						
Per Month						
Households	86.91		6.6%	92.65		
Flats/Town Houses	86.91		6.6%	92.65		
Businesses / Offices	181.59		10%	199.75		
Abattoir	766.49		10%	843.14		
Wine Cellar	273.77		10%	301.15		
Schools and Boarding Schools	186.14		10%	204.75		
Spoornet	246.38		10%	271.02		
Crèches	93.41		10%	102.75		
Churches	54.74		10%	60.21		
Households - Combined with Business	112.74		10%	124.01		
Other	164.24		10%	180.66		
Empty Erven – Availability	54.74		10%	60.21		
Refuse bags	4.22		10%	4.64		
Bulk refuse and/or building rubble will be removed per load. (Load - 4m3)	196.77		10%	216.447		
Refuse Removals will be done as per newsletter						

Cleaning of empty sites						
Sites smaller than 600m2	614.93		10%	676.42		
Sites larger than 600m2 but smaller than 1 500m2	959.28		10%	1055.21		
Sewerage Tariffs						
Per Month						
Households(DOMESTIC)	90.01		6.6%	95.95		
Flats/Town Houses	90.01		6.6%	95.95		
Businesses / Offices	164.24		10%	180.66		
Abattoir	6,624.73		10%	7287.20		
Spoornet	246.38		10%	271.02		
Crèches	92.33		10%	101.56		
Churches	54.73		10%	60.20		
Households - Combined with Business	96.64		10%	106.30		
Old Age Flats	84.43		10%	92.87		
Garages	205.32		10%	225.85		
Others	164.24		10%	180.66		
Empty Erven – Availability	54.74		10%	60.21		
Buckets	-		6%	-		
Note: Sewer blockages at abattoirs-each	1,229.80		10%	1352.78		
Residential sewer blockages						
Per household sharing manhole	64.42	-	10%	70.86		
Per household not sharing manhole	257.69	-	10%	283.46		
Rental of suction pump per hour (including petrol)	161.05		10%	177.16		
Sewerage connection	966.31		10%	1062.94		
Town Halls and Offices						

Town Halls: Jacobsdal, Koffiefontein, Luckhoff & Petrusburg - rent and deposits						
Weddings and Entertainment						
MPCC HALL						
Residents: rent	1000		25%	1250		
Residents: deposit	1200		20%	1440		
Non- Residents: rent	1600		33%	2128		
Non- Residents: deposit	1800		29%	2322		
Residents: rent	514.04		10%	565.44		
Residents: deposit	1,285.08		10%	1413.59		
Non- Residents: rent	1028.08		10%	1130.89		
Non- Residents: deposit	1,799.12		10%	1979.03		
Charity, Funerals, Pre- Schools and Churches						
MPCC HALL						
Residents: rent	900		12.50 %	1012.5		
Residents: deposit	1100		10%	1210		
Non- Residents: rent	1100		10%	1210		
Non- Residents: deposit	1200		9%	1308		
Residents: rent	154.18		10%	169.60		
Non- Residents: rent	385.52		10%	424.07		
Deposit	514.04		10%	565.44		
Political Meetings						
Residents: rent	66.62		15%	76.61		
Non- Residents: rent	66.62		15%	76.61		
Tables and chairs are free of charge on condition that it can only be used within municipal properties	-					
Rental charge is based on daily basis.						
Application for parties, church services and other function not mentioned above will be submitted to an ad-hoc committee existing out of the Mayor or Chairperson of the Finance						

Committee, a Councillor and the Municipal Manager for consideration and if approved the applicable fee						
Electricity						
Electricity Service						
Tariff 1						
Households, Flats and Houses (Conventional Meters)						
A fixed service levy per consumption month or part thereof plus	177.02		7.64%	194.72		
Consumption per kW.h 0 - 50 kWh	0.76		7.20%	0.81		
51 - 350 kWh	0.96		7.64%	1.03		
351 - 600 kWh	1.34		7.64%	1.44		
> 600 kWh	1.61		7.64%	1.73		
Pre-paid User Tariff: Residential per kW.h						
Consumption per kW.h 0 - 50 kWh	0.78		7.00%	0.84		
51 - 350 kWh	0.98		7.20%	1.05		
351 - 600 kWh	1.35		7.64%	1.45		
> 600 kWh	1.61		7.64%	1.73		
Tariff 2						
Commercial Conventional Low						
A fixed service levy per consumption month or part thereof plus	330.6		7.64%	363.66		

Consumption per kW.h	1.59		7.20%	1.71		
Pre-paid User Tariff: per kW.h	1.71		7.64%	1.84		
Tariff 3						
This tariff is applicable on all users whose maximum demand is over 50 KVA in any 30 minute period in a consumption month.						
Commercial Tariff High						
A fixed service levy per consumption month or part thereof plus.	3,901.14		7.00%	4199.19		
kW.h consumption per consumption month or part thereof.	123.36		7.00%	132.78		
Tariff 5: Industrial medium						
Average consumption 59039.55						
Basic Charge	5509.96		7.64%	5928.72		
Consumption per kwh: Energy Charge	67.86		7.64%	73.04		
Demand Charge	194.11		7.64%	208.94		
Municipal						
Energy charge	149.41		7.64%	160.82		
Tariff 6						
Empty erven and erven where the electricity supply where taken out.	49.96		7.64%	54.96		
An amount of R45.42 per month is payable for each erf (except if the erf is part of land belonging to the Government) which is not connected to the electricity network of the municipality and is adjacent to a street or part of a street in which the electricity supply is available. This tariff is also applicable where the owner has requested that the electricity supply must be removed						
Residential Connections per connection	5,047.93		10%	5552.72		
Other connections per connection	7,380.02		10%	8118.02		

The installation of a 3 phase meter (pre-paid or conventional). Additional cost per connection	6,730.63		10%	7403.69
The change to or installation of a single phase pre-paid meter per connection (additional cost)	1,514.44		10%	1665.88
The connection fees of indigents and poor households are subsidised out of the Equitable Share at 100% and 50% respectively				
Deposits				
Deposits for all residential and other users are payable according to the Council's Credit Control Policy				
Increases of deposits will be done within the electricity provision regulations and the credit control policy				
Indigents will not pay any deposits				
Poor households will only pay 50% of the relevant deposit				
Reconnections and special meter readings				
Per application and in cases of late payments	88.56		10%	97.42
Installation Tests				
First Test	73.84		10%	81.22
Per test thereafter	88.56		10%	97.42
Telephonic Reminders per call	14.8		10%	16.28
Call outs:				
The costs will be added to the monthly consumer account if it cannot be paid during the call out				
During Working Hours:				
Per Call	84.22		10%	92.64
Labour per hour	162.38		10%	178.62

Material for the cost of the consumer				
After Hours:				
Per Call	127.05		10%	139.76
Labour per hour	282.8		10%	311.08
Material for the cost of the consumer				
Sundays and Public Holidays				
Per Call	137.09		10%	150.80
Labour per hour	377.04		10%	414.74
Material for the cost of the consumer				
Call outs after hours are only applicable if there is no electricity				
Petra Diamonds Mine personnel or owners of houses				
Only requests from home owners will receive attention but personnel from Petra Diamonds Mine can through the mines security office request help in the case of an emergency				
Tampering of meters :				
Consumers will be charged if proven that there had been tampered with municipal property.				
Services will be discontinued until full payment has been made				
Water				
Residential				
0 - 6KL	-			-
7-30 KL	6.41		6.80%	6.85
31-50 KL	8.83		6.80%	9.43
>50 KL	10.15		6.80%	10.84

Fixed Levy	53.24		6.80%	56.86
Industries (In Industrial Area)				
Fixed Levy	165.83		6.80%	177.11
Per Kiloliter	8.97		6.80%	9.58
Business				
Fixed Levy: per month				
Per Kiloliter	53.24		6.80%	56.86
Petra Diamonds Mine: Purified Water				
Fixed Levy: per month	665.78		6.80%	711.05
Per Kiloliter	8.82		6.80%	9.42
Schools, Chreches and Boarding Schools				
Fixed Levy: per month	151		6.80%	161.27
Per Kiloliter	8.5		6.80%	9.08
Municipal Usages				
Per Kiloliter	6.92		6.80%	7.39
Empty Erven (excluding Government Land)				
Fixed Levy: per month	46.1		6.80%	49.23
Canal Water (Jacobsdal)				
Levy per hour	267.92		6.80%	286.14
Pre-paid System				
Non-residential	6.82		6.80%	7.28
Pre-paid System				
Residential (0-6Kl Free)	9.42		6.80%	10.06
Water connection	1061.06		6.80%	1133.21

