

Letsemeng Local Municipality



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2019-20

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PART 1

Mayor's Report

Addendum

1.2. RESOLUTIONS

To be included once the council has approved the budget.

1.3. EXECUTIVE SUMMARY

This section provides an overview of the Letsemeng Local Municipality's 2019-20 to 2021-22 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.

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

- (a) Budgeting for a funded and credible annual budget compared to a balanced budget;
- (b) The 2018-19 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 2019-20 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 93 and 94 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 increased from R **129 264 000 to R147 345 000(R18 081 000)** for the 2019-20 financial year when compared to the 2018-19 Adjustment Budget. Operating revenue comprises of service charges, property rates and other revenue. We anticipate to collect 90% on electricity, 80% on property rates, 70% on water services and 50% on refuse and sanitation services. We anticipate to collect the above mentioned percentages due to the water and electricity meters that will be installed, the meter audit as well as the effective implementation of the credit control policy, this will increase our revenue collection in the next financial year.

Property rates increased from **R19 797 000 to R20 826 000**, electricity is increased from **R21 280 000 to R22 386 000**, water is increased from **R8 865 000 to R9 326 000**, sanitation increased from **R10 013 000 to R10 534 000** and refuse increased from **R10 512 000 to R11 059 000**. All of the service charges were increased with an inflation rate of 5.2%. Other revenue consist of administration costs, objection costs, photocopies costs and clearance certificate. Municipality is still awaiting NERSA tariff approval for electricity.

Total operating expenditure has increased from **R166 083 000 to R182 528 000 (R16 445 000)** for the 2019-20 financial year when compared to the 2018-19 Adjustment Budget. Total operating expenditure for the 2019-20 financial year translates into a budgeted deficit of **R35 183 000** which includes the non-cash items amounting to **R61 647 000**. The operating expenditure consist of employee related costs, remuneration of Councillors, bulk purchases, contracted services and other expenditure. Employee related costs increased from **R49 934 000 to R53 561 000**. Remuneration of Councillors was increased to **R4 127 000** during the adjustment budget in January 2019 and for the next financial year it still remains the same as the upper limit will be gazetted in December 2019, the adjustment will be done accordingly. Bulk purchases were increased from **R16 000 000 to R21 000 000** including the arrangement amounts as agreed with Eskom. Contracted services decreased from **R19 271 000 to R18 160 000**, it comprises of EPWP job creation, supplementary valuation roll, Insurance, rental of photocopies machines, installation of telephones and compilation of annual financial statements. Other expenditure increased from **R15 422 000 to R15 823 000**. Other expenditure consist of human capital development, chemicals, accommodation, audit fees, printing and stationery, rental of equipment, legal expenses provision for disaster management, office furnitures and etc.

As per requirement from National treasury we are expected to budget for non-cash items i.e. Debt Impairment **R22 998 000** and Depreciation and Asset Impairment of **R38 649 000**

1.3. 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
1. 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
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- f) Table A6: Budget Financial Position
- g) Table A7: Budget Cash Flow
- h) Table A8: Cash backed reserves / accumulated surplus reconciliation
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- j) Table A10: Basic service delivery measurement

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 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 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	13,228	14,917	14,678	19,797	19,797	19,797	19,797	20,826	21,951	22,012
Service charges	41,196	48,932	46,121	50,426	50,670	50,670	50,670	53,305	56,184	56,339
Investment revenue	232	579	513	842	421	421	421	443	467	468
Transfers recognised - operational	53,514	49,347	51,089	61,052	53,052	53,052	53,052	67,103	71,772	76,746
Other own revenue	8,729	13,288	20,831	6,467	5,323	5,323	5,323	5,667	5,902	5,918
Total Revenue (excluding capital transfers and contributions)	116,898	127,064	133,231	138,585	129,264	129,264	129,264	147,345	156,277	161,483
Employee costs	40,898	46,772	49,073	51,575	49,935	49,935	49,935	53,561	56,459	58,498
Remuneration of councillors	3,395	3,348	3,746	3,859	4,127	4,127	4,127	4,127	4,350	4,585
Depreciation & asset impairment	27,589	42,692	44,090	33,739	33,739	33,739	33,739	38,649	37,410	39,430
Finance charges	1,552	2,115	2,232	53	400	400	400	600	631	665
Materials and bulk purchases	21,611	27,270	26,469	37,631	20,190	20,190	20,190	28,609	29,053	30,505
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	41,150	66,747	42,573	53,748	57,692	57,692	57,692	56,981	62,755	63,818
Total Expenditure	136,195	188,945	168,183	180,604	166,083	166,083	166,083	182,528	190,659	197,502
Surplus/(Deficit)	(19,297)	(61,882)	(34,953)	(42,020)	(36,819)	(36,819)	(36,819)	(35,183)	(34,382)	(36,019)
Transfers and subsidies - capital (monetary allocations) (24,557	56,320	28,406	49,949	49,949	49,949	49,949	46,349	48,299	48,690
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	5,260	(5,562)	(6,546)	7,929	13,130	13,130	13,130	11,166	13,917	12,671
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	5,260	(5,562)	(6,546)	7,929	13,130	13,130	13,130	11,166	13,917	12,671
Capital expenditure & funds sources										
Capital expenditure	30,080	77,341	27,028	672,813	53,332	53,332	53,332	48,531	51,715	54,278
Transfers recognised - capital	28,952	77,341	27,028	47,963	48,518	48,518	48,518	45,491	47,459	50,026
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	1,127	-	-	624,850	4,814	4,814	4,814	3,040	4,257	4,252
Total sources of capital funds	30,080	77,341	27,028	672,813	53,332	53,332	53,332	48,531	51,715	54,278
Financial position										
Total current assets	55,709	69,183	109,079	31,205	5,883	5,883	72,161	99,588	109,605	121,694
Total non current assets	569,105	985,250	975,521	639,738	54,132	109,396	53,453	285,846	303,878	317,859
Total current liabilities	17,431	66,794	95,591	798	-	-	-	12,717	13,256	14,895
Total non current liabilities	16,819	16,402	12,805	12,167	-	-	-	8,500	8,658	8,700
Community wealth/Equity	590,564	971,236	976,204	657,978	60,015	115,279	125,613	364,218	391,569	415,959
Cash flows										
Net cash from (used) operating	8,765	63,588	28,508	49,000	69,865	61,331	(85,694)	52,814	56,801	61,171
Net cash from (used) investing	(11,140)	(63,418)	(25,793)	(49,949)	(48,518)	(48,518)	53,332	(48,531)	(51,715)	(54,278)
Net cash from (used) financing	(92)	(287)	(581)	-	-	-	(1,610)	-	-	-
Cash/cash equivalents at the year end	727	613	2,647	(667)	22,239	13,704	(33,973)	8,283	13,369	20,261
Cash backing/surplus reconciliation										
Cash and investments available	730	513	2,647	892	892	892	1,380	8,283	13,369	20,261
Application of cash and investments	(19,482)	45,664	51,001	(18,869)	-	-	(142)	(49,223)	(51,958)	(53,840)
Balance - surplus (shortfall)	20,212	(45,151)	(48,354)	19,761	892	892	1,522	57,506	65,327	74,101
Asset management										
Asset register summary (WDV)	611,221	986,248	975,946	512,672	4,764	4,764	4,764	285,870	301,806	317,874
Depreciation	27,589	42,692	44,090	44,090	-	-	-	38,649	37,410	39,430
Renewal and Upgrading of Existing Assets	969,840	-	-	659,585	43,181	43,181	43,181	36,136	37,535	39,566
Repairs and Maintenance	-	2,651	3,639	1,600	1,450	1,450	1,450	750	1,528	1,611

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

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		74,323	106,158	119,957	101,984	92,639	92,639	95,475	101,643	88,574
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		74,323	106,158	119,957	101,984	92,639	92,639	95,475	101,643	88,574
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		349	376	344	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		31	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		318	376	344	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,030	1,329	1,000	1,000	1,000	1,000	-	-	18,125
Planning and development		1,000	1,329	1,000	1,000	1,000	1,000	-	-	-
Road transport		30	-	-	-	-	-	-	-	18,125
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		65,753	75,522	40,336	85,549	85,574	85,574	98,219	102,932	103,475
Energy sources		15,012	1,639	2,906	33,879	32,192	32,192	39,066	40,623	40,993
Water management		31,444	16,694	12,623	28,860	30,388	30,388	34,928	36,814	36,916
Waste water management		10,494	48,194	14,844	11,815	11,595	11,595	12,234	12,856	12,892
Waste management		8,804	8,995	9,963	10,995	11,399	11,399	11,992	12,639	12,674
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	141,455	183,384	161,637	188,534	179,213	179,213	193,694	204,576	210,173
Expenditure - Functional										
<i>Governance and administration</i>		114,584	134,348	132,309	111,886	112,271	112,271	121,593	126,114	129,611
Executive and council		3,395	16,256	12,578	17,287	17,767	17,767	17,758	19,386	18,523
Finance and administration		111,189	116,908	118,379	93,148	93,277	93,277	102,324	105,135	109,409
Internal audit		-	1,184	1,353	1,451	1,228	1,228	1,511	1,593	1,679
<i>Community and public safety</i>		-	811	3,192	4,737	5,999	5,999	3,728	4,454	4,694
Community and social services		-	490	2,666	1,400	3,356	3,356	850	1,107	1,167
Sport and recreation		-	7	1	350	155	155	240	569	600
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	284	508	2,587	2,488	2,488	2,438	2,567	2,706
Health		-	30	18	400	-	-	200	210	222
<i>Economic and environmental services</i>		-	6,771	3,220	7,597	5,975	5,975	8,106	8,560	8,696
Planning and development		-	1,571	1,343	3,766	3,427	3,427	3,511	3,716	3,590
Road transport		-	5,200	1,877	3,831	2,548	2,548	4,596	4,844	5,106
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		21,611	47,016	29,462	56,385	41,838	41,838	49,101	51,531	54,502
Energy sources		17,078	30,280	15,097	34,842	21,112	21,112	23,773	25,025	26,554
Water management		4,533	6,004	3,865	12,590	12,150	12,150	15,821	16,612	16,458
Waste water management		-	10,729	10,493	6,172	6,038	6,038	6,430	6,651	8,072
Waste management		-	2	7	2,782	2,538	2,538	3,077	3,243	3,418
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	136,195	188,945	168,183	180,604	166,083	166,083	182,528	190,659	197,502
Surplus/(Deficit) for the year		5,260	(5,562)	(6,546)	7,929	13,130	13,130	11,166	13,917	12,671

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

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Revenue by Vote	1									
Vote 1 - Finance and Administration		74,323	106,158	119,957	54,150	54,111	54,111	97,358	103,624	108,686
Vote 2 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 5 - Water Management		31,444	16,694	12,623	28,860	30,388	30,388	9,326	9,830	9,857
Vote 6 - Waste Water Management		10,494	48,194	14,844	11,815	11,595	11,595	10,534	11,103	11,134
Vote 7 - Waste Management		8,804	-	-	10,995	11,399	11,399	11,059	11,656	11,688
Vote 8 - Energy Sources		15,012	1,639	2,906	33,879	32,192	32,192	39,066	40,623	40,993
Vote 9 - Planning and Development		1,000	1,329	1,000	1,000	1,000	1,000	1,000	-	-
Vote 10 - Sport and Recreation		31	-	-	-	-	-	-	-	-
Vote 11 - Road Transport		30	-	-	-	-	-	-	-	18,125
Vote 12 - Health		-	-	-	-	-	-	-	-	-
Vote 13 - Housing		318	376	344	-	-	-	-	-	-
Vote 14 - Public Safety		-	8,995	9,963	-	-	-	-	-	-
Vote 15 - Finance and administration 2		-	-	-	47,834	38,528	38,528	25,351	27,740	9,691
Total Revenue by Vote	2	141,455	183,384	161,637	188,534	179,213	179,213	193,694	204,576	210,173
Expenditure by Vote to be appropriated	1									
Vote 1 - Finance and Administration		111,189	72,879	117,755	91,129	91,302	91,302	99,937	102,093	106,203
Vote 2 - Executive and Council		3,395	16,256	12,578	17,287	17,767	17,767	17,758	19,386	18,523
Vote 3 - Community and Social Services		-	490	2,666	1,400	3,356	3,356	850	1,107	1,167
Vote 4 - Internal Audit		-	1,184	1,353	1,451	1,228	1,228	1,511	1,593	1,679
Vote 5 - Water Management		4,533	6,004	3,865	12,590	12,150	12,150	15,821	16,612	16,458
Vote 6 - Waste Water Management		-	10,729	10,493	6,172	6,038	6,038	6,430	6,651	8,072
Vote 7 - Waste Management		-	2	7	2,782	2,538	2,538	3,077	3,243	3,418
Vote 8 - Energy Sources		17,078	30,280	15,097	34,842	21,112	21,112	23,773	25,025	26,554
Vote 9 - Planning and Development		-	1,571	1,343	3,766	3,427	3,427	3,511	3,716	3,590
Vote 10 - Sport and Recreation		-	7	1	350	155	155	240	569	600
Vote 11 - Road Transport		-	5,200	1,877	3,831	2,548	2,548	4,596	4,844	5,106
Vote 12 - Health		-	30	18	400	-	-	200	210	222
Vote 13 - Housing		-	284	508	2,587	2,488	2,488	2,438	2,567	2,706
Vote 14 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 15 - Finance and administration 2		-	44,029	623	2,019	1,975	1,975	2,387	3,042	3,206
Total Expenditure by Vote	2	136,195	188,945	168,183	180,604	166,083	166,083	182,528	190,659	197,502
Surplus/(Deficit) for the year	2	5,260	(5,562)	(6,546)	7,929	13,130	13,130	11,166	13,917	12,671

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

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 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 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source												
Property rates	2		13,228	14,917	14,678	19,797	19,797	19,797	19,797	20,826	21,951	22,012
Service charges - electricity revenue	2		15,012	18,299	13,876	22,967	21,280	21,280	21,280	22,386	23,595	23,660
Service charges - water revenue	2		8,087	12,989	15,948	8,865	8,865	8,865	8,865	9,326	9,830	9,857
Service charges - sanitation revenue	2		9,293	9,104	8,312	8,486	10,013	10,013	10,013	10,534	11,103	11,134
Service charges - refuse revenue	2		8,804	8,541	7,985	10,108	10,512	10,512	10,512	11,059	11,656	11,688
Rental of facilities and equipment			505	2,209	585	571	450	450	450	473	499	500
Interest earned - external investments			232	579	513	842	421	421	421	443	467	468
Interest earned - outstanding debtors			7,463	10,526	19,356	3,869	3,869	3,869	3,869	4,070	4,290	4,301
Dividends received			7	1	4	34	5	5	5	41	6	6
Fines, penalties and forfeits			30	8	2	36	18	18	18	19	20	20
Licences and permits						4	4	4	4	5	5	5
Agency services												
Transfers and subsidies			53,514	49,347	51,089	61,052	53,052	53,052	53,052	67,103	71,772	76,746
Other revenue	2		724	545	434	1,954	977	977	977	1,059	1,083	1,086
Gains on disposal of PPE					452							
Total Revenue (excluding capital transfers and contributions)			116,898	127,064	133,231	138,585	129,264	129,264	129,264	147,345	156,277	161,483
Expenditure By Type												
Employee related costs	2		40,898	46,772	49,073	51,575	49,935	49,935	49,935	53,561	56,459	58,498
Remuneration of councillors			3,395	3,348	3,746	3,859	4,127	4,127	4,127	4,127	4,350	4,585
Debt impairment	3		5,746	34,324	12,271	22,998	22,998	22,998	22,998	22,998	24,240	25,549
Depreciation & asset impairment	2		27,589	42,692	44,090	33,739	33,739	33,739	33,739	38,649	37,410	39,430
Finance charges			1,552	2,115	2,232	53	400	400	400	600	631	665
Bulk purchases	2		21,611	27,270	26,469	32,000	16,000	16,000	16,000	21,000	22,092	23,285
Other materials	8					5,631	4,190	4,190	4,190	7,609	6,961	7,220
Contracted services				6,521	12,201	14,695	19,271	19,271	19,271	18,160	21,806	21,651
Transfers and subsidies												
Other expenditure	4, 5		35,403	25,301	18,101	16,055	15,422	15,422	15,422	15,823	16,709	16,618
Loss on disposal of PPE				601								
Total Expenditure			136,195	188,945	168,183	180,604	166,083	166,083	166,083	182,528	190,659	197,502
Surplus/(Deficit)			(19,297)	(61,882)	(34,953)	(42,020)	(36,819)	(36,819)	(36,819)	(35,183)	(34,382)	(36,019)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			24,557	56,320	28,406	49,949	49,949	49,949	49,949	46,349	48,299	48,690
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6											
Surplus/(Deficit) after capital transfers & contributions			5,260	(5,562)	(6,546)	7,929	13,130	13,130	13,130	11,166	13,917	12,671
Taxation												
Surplus/(Deficit) after taxation			5,260	(5,562)	(6,546)	7,929	13,130	13,130	13,130	11,166	13,917	12,671
Attributable to minorities												
Surplus/(Deficit) attributable to municipality			5,260	(5,562)	(6,546)	7,929	13,130	13,130	13,130	11,166	13,917	12,671
Share of surplus/ (deficit) of associate	7											
Surplus/(Deficit) for the year			5,260	(5,562)	(6,546)	7,929	13,130	13,130	13,130	11,166	13,917	12,671

References

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Finance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 5 - Water Management		-	-	-	-	-	-	-	-	-	-
Vote 6 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 11 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 12 - Health		-	-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 14 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 15 - Finance and administration 2		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Finance and Administration		744	77,341	27,028	4,746	2,826	2,826	2,826	1,225	1,289	1,359
Vote 2 - Executive and Council		-	-	-	1,520	200	200	200	878	926	800
Vote 3 - Community and Social Services		383	-	-	12,510	12,510	12,510	12,510	555	585	617
Vote 4 - Internal Audit		-	-	-	65	-	-	-	85	90	94
Vote 5 - Water Management		-	-	-	20,600	20,400	20,400	20,400	32,064	33,795	35,620
Vote 6 - Waste Water Management		-	-	-	4,848	5,818	5,818	5,818	6,254	6,592	6,948
Vote 7 - Waste Management		-	-	-	932	932	932	932	-	-	-
Vote 8 - Energy Sources		-	-	-	30	30	30	30	5,200	5,980	6,308
Vote 9 - Planning and Development		-	-	-	7,679	7,413	7,413	7,413	507	537	508
Vote 10 - Sport and Recreation		-	-	-	1,597	1,315	1,315	1,315	1,121	1,182	1,245
Vote 11 - Road Transport		28,952	-	-	838	911	911	911	300	316	333
Vote 12 - Health		-	-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 14 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 15 - Finance and administration 2		-	-	-	617,448	977	977	977	403	424	447
Capital single-year expenditure sub-total		30,079	77,341	27,028	672,813	53,332	53,332	53,332	48,592	51,715	54,278
Total Capital Expenditure - Vote		30,079	77,341	27,028	672,813	53,332	53,332	53,332	48,592	51,715	54,278
Capital Expenditure - Functional											
Governance and administration		744	77,341	27,028	623,780	4,004	4,004	4,004	2,590	2,728	2,700
Executive and council		-	-	-	1,520	200	200	200	878	926	800
Finance and administration		744	77,341	27,028	622,195	3,804	3,804	3,804	1,627	1,713	1,805
Internal audit		-	-	-	65	-	-	-	85	90	94
Community and public safety		383	-	-	14,107	13,825	13,825	13,825	1,676	1,767	1,862
Community and social services		383	-	-	12,510	12,510	12,510	12,510	555	585	617
Sport and recreation		-	-	-	1,597	1,315	1,315	1,315	1,121	1,182	1,245
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		28,952	-	-	8,516	8,324	8,324	8,324	807	853	840
Planning and development		-	-	-	7,679	7,413	7,413	7,413	507	537	508
Road transport		28,952	-	-	838	911	911	911	300	316	333
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	26,410	27,180	27,180	27,180	43,458	46,367	48,876
Energy sources		-	-	-	30	30	30	30	5,200	5,980	6,308
Water management		-	-	-	20,600	20,400	20,400	20,400	32,003	33,795	35,620
Waste water management		-	-	-	4,848	5,818	5,818	5,818	6,254	6,592	6,948
Waste management		-	-	-	932	932	932	932	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	30,080	77,341	27,028	672,813	53,332	53,332	53,332	48,531	51,715	54,278
Funded by:											
National Government		28,952	77,341	27,028	47,963	48,518	48,518	48,518	45,491	47,459	50,026
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	28,952	77,341	27,028	47,963	48,518	48,518	48,518	45,491	47,459	50,026
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		1,127	-	-	624,850	4,814	4,814	4,814	3,040	4,257	4,252
Total Capital Funding	7	30,080	77,341	27,028	672,813	53,332	53,332	53,332	48,531	51,715	54,278

FS161 Letsemeng - Table A6 Budgeted Financial Position

PS 161 Letsemeng - Table A6 Budgeted Financial Position											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Current assets											
Cash		730	513	2,647	892		892	1,259	8,283	13,369	20,261
Call investment deposits	1	0	0	–	–	–	–	–	–	–	–
Consumer debtors	1	38,461	33,016	88,629	25,322	–	–	–	88,629	93,415	98,459
Other debtors		12,354	32,861	15,126	–	–	–	68,062	–	–	–
Current portion of long-term receivables		–	–	–	–	–	–	47	–	–	–
Inventory	2	4,164	2,793	2,677	4,991	4,991	4,991	2,793	2,677	2,822	2,974
Total current assets		55,709	69,183	109,079	31,205	5,883	5,883	72,161	99,588	109,605	121,694
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	121	–	–	–
Investment property		–	227,482	237,278	21,988	–	–	–	237,278	250,091	263,596
Investment in Associate		237	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	568,868	757,768	737,872	616,632	53,216	53,216	53,216	48,452	51,569	54,124
Biological		–	15	15	–	–	–	–	–	–	–
Intangible		160	983	781	116	116	116	–	140	146	154
Other non-current assets		211	121	120	56,064	–	–	2,218	–	–	–
Total non current assets		569,105	985,250	975,521	639,738	54,132	109,396	53,453	285,846	303,878	317,859
TOTAL ASSETS		624,814	1,054,433	1,084,600	670,943	60,015	115,279	125,613	385,435	413,483	439,554
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	172	486	492	–	–	–	–	–	–	–
Consumer deposits		752	799	782	–	–	–	–	57	–	–
Trade and other payables	4	9,177	65,509	94,317	–	–	–	–	12,660	13,256	14,895
Provisions		7,331	–	–	798	–	–	–	–	–	–
Total current liabilities		17,431	66,794	95,591	798	–	–	–	12,717	13,256	14,895
Non current liabilities											
Borrowing		79	3,003	12,805	–	–	–	–	–	–	–
Provisions		16,739	13,400	–	12,167	–	–	–	8,500	8,658	8,700
Total non current liabilities		16,819	16,402	12,805	12,167	–	–	–	8,500	8,658	8,700
TOTAL LIABILITIES		34,250	83,196	108,396	12,965	–	–	–	21,217	21,914	23,595
NET ASSETS	5	590,564	971,236	976,204	657,978	60,015	115,279	125,613	364,218	391,569	415,959
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		590,564	971,236	976,204	657,978	60,015	115,279	125,613	364,218	391,569	415,959
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	590,564	971,236	976,204	657,978	60,015	115,279	125,613	364,218	391,569	415,959

FS161 Letsemeng - Table A7 Budgeted Cash Flows

2019/20 Medium Term Revenue & Expenditure Framework												
Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				Budget Year	Budget Year	Budget Year
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2019/20	+1 2020/21	+2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			5,112	3,917	6,216	14,254	19,797	19,797		16,661	17,561	17,610
Service charges			29,996	19,320	27,673	40,303	50,670	50,670	–	37,472	39,496	39,605
Other revenue			505	–	–	2,565	1,449	1,449	158	1,556	1,607	1,611
Government - operating		1	53,514	125,755	93,649	61,052	53,052	53,052	2,829	67,103	71,772	76,746
Government - capital		1	18,444	–	–	49,949	49,949	49,949	29,200	46,349	47,459	50,026
Interest			232	579	513	4,711	4,290	4,290	–	4,513	4,757	4,769
Dividends			7	1	4	34	5	5	–	41	6	6
Payments												
Suppliers and employees			(97,493)	(84,694)	(99,546)	(123,814)	(108,946)	(117,281)	(117,281)	(120,281)	(125,226)	(128,536)
Finance charges			(1,552)	(1,291)	–	(53)	(400)	(600)	(600)	(600)	(631)	(665)
Transfers and Grants		1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES			8,765	63,588	28,508	49,000	69,865	61,331	(85,694)	52,814	56,801	61,171
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			–	115	1	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors			–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables			–	–	(418)	–	–	–	–	–	–	–
Decrease (increase) in non-current investments			12,020	–	–	–	–	–	–	–	–	–
Payments												
Capital assets			(23,160)	(63,534)	(25,377)	(49,949)	(48,518)	(48,518)	53,332	(48,531)	(51,715)	(54,278)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(11,140)	(63,418)	(25,793)	(49,949)	(48,518)	(48,518)	53,332	(48,531)	(51,715)	(54,278)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			–	–	–	–	–	–	57	–	–	–
Borrowing long term/refinancing			–	–	1,201	–	–	–	(1,668)	–	–	–
Increase (decrease) in consumer deposits			–	–	–	–	–	–	–	–	–	–
Payments												
Repayment of borrowing			(92)	(287)	(1,781)	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES			(92)	(287)	(581)	–	–	–	(1,610)	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD			(2,468)	(117)	2,134	(949)	21,347	12,812	(33,973)	4,283	5,086	6,893
Cash/cash equivalents at the year begin:		2	3,195	730	513	282	892	892	–	4,000	8,283	13,369
Cash/cash equivalents at the year end:		2	727	613	2,647	(667)	22,239	13,704	(33,973)	8,283	13,369	20,261

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	727	613	2,647	(667)	22,239	13,704	(33,973)	8,283	13,369	20,261
Other current investments > 90 days		3	(100)	0	1,559	(21,347)	(12,812)	35,232	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	121	-	-	-
Cash and investments available:		730	513	2,647	892	892	892	1,380	8,283	13,369	20,261
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(19,482)	45,664	51,001	(18,869)	-	-	(142)	(49,223)	(51,958)	(53,840)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(19,482)	45,664	51,001	(18,869)	-	-	(142)	(49,223)	(51,958)	(53,840)
Surplus(shortfall)		20,212	(45,151)	(48,354)	19,761	892	892	1,522	57,506	65,327	74,101

FS161 Letsemeng - Table A9 Asset Management

R thousand	Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE											
	Total New Assets	1	152,790	78,348	27,446	13,227	10,151	10,151	12,456	14,181	14,712
	Roads Infrastructure		12,066	—	—	—	—	—	—	—	—
	Storm water Infrastructure		—	—	—	—	—	—	—	—	—
	Electrical Infrastructure		—	54,831	24,737	—	—	—	—	—	—
	Water Supply Infrastructure		—	—	—	300	500	500	4,750	5,007	5,277
	Sanitation Infrastructure		—	—	—	3,834	4,256	4,256	415	438	461
	Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
	Rail Infrastructure		—	—	—	—	—	—	—	—	—
	Coastal Infrastructure		—	—	—	—	—	—	—	—	—
	Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
	Infrastructure		12,066	54,831	24,737	4,134	4,756	4,756	5,165	5,444	5,738
	Community Facilities		—	—	—	—	—	—	—	—	—
	Sport and Recreation Facilities		83	—	—	1,597	1,315	1,315	976	1,029	1,085
	Community Assets		83	—	—	1,597	1,315	1,315	976	1,029	1,085
	Heritage Assets		—	—	—	—	—	—	—	—	—
	Revenue Generating		—	—	418	—	—	—	—	—	—
	Non-revenue Generating		—	—	—	—	—	—	—	—	—
	Investment properties		—	—	418	—	—	—	—	—	—
	Operational Buildings		—	22,509	2,291	—	—	—	—	—	—
	Housing		—	—	—	—	—	—	—	—	—
	Other Assets		—	22,509	2,291	—	—	—	—	—	—
	Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
	Servitudes		—	1,007	—	—	—	—	—	—	—
	Licences and Rights		—	—	—	116	116	116	140	146	154
	Intangible Assets		—	1,007	—	116	116	116	140	146	154
	Computer Equipment		—	—	—	800	480	480	975	1,027	1,083
	Furniture and Office Equipment		—	—	—	862	317	317	478	506	475
	Machinery and Equipment		—	—	—	3,017	1,967	1,967	3,872	5,132	5,234
	Transport Assets		—	—	—	2,700	1,200	1,200	850	895	944
	Land		140,641	—	—	—	—	—	—	—	—
	Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
	Total Renewal of Existing Assets	2	969,840	—	—	300	300	300	—	—	—
	Roads Infrastructure		933,455	—	—	—	—	—	—	—	—
	Storm water Infrastructure		—	—	—	—	—	—	—	—	—
	Electrical Infrastructure		3,128	—	—	—	—	—	—	—	—
	Water Supply Infrastructure		—	—	—	300	300	300	—	—	—
	Sanitation Infrastructure		10,972	—	—	—	—	—	—	—	—
	Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
	Rail Infrastructure		—	—	—	—	—	—	—	—	—
	Coastal Infrastructure		—	—	—	—	—	—	—	—	—
	Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
	Infrastructure		947,555	—	—	300	300	300	—	—	—
	Community Facilities		2,616	—	—	—	—	—	—	—	—
	Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
	Community Assets		2,616	—	—	—	—	—	—	—	—
	Heritage Assets		—	—	—	—	—	—	—	—	—
	Revenue Generating		—	—	—	—	—	—	—	—	—
	Non-revenue Generating		—	—	—	—	—	—	—	—	—
	Investment properties		—	—	—	—	—	—	—	—	—
	Operational Buildings		13,439	—	—	—	—	—	—	—	—
	Housing		—	—	—	—	—	—	—	—	—
	Other Assets		13,439	—	—	—	—	—	—	—	—
	Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
	Servitudes		—	—	—	—	—	—	—	—	—
	Licences and Rights		2,007	—	—	—	—	—	—	—	—
	Intangible Assets		2,007	—	—	—	—	—	—	—	—
	Computer Equipment		—	—	—	—	—	—	—	—	—
	Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
	Machinery and Equipment		4,223	—	—	—	—	—	—	—	—
	Transport Assets		—	—	—	—	—	—	—	—	—
	Land		—	—	—	—	—	—	—	—	—
	Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
	Total Upgrading of Existing Assets	6	—	—	—	659,285	42,881	42,881	36,136	37,535	39,566
	Roads Infrastructure		—	—	—	64,074	7,877	7,877	397	419	441
	Storm water Infrastructure		—	—	—	—	—	—	—	—	—
	Electrical Infrastructure		—	—	—	168,192	—	—	5,200	4,928	5,199
	Water Supply Infrastructure		—	—	—	77,078	21,563	21,563	24,082	25,383	26,753
	Sanitation Infrastructure		—	—	—	56,064	—	—	5,757	6,067	6,395
	Solid Waste Infrastructure		—	—	—	56,996	932	932	—	—	—
	Rail Infrastructure		—	—	—	—	—	—	—	—	—
	Coastal Infrastructure		—	—	—	—	—	—	—	—	—
	Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
	Infrastructure		—	—	—	422,403	30,371	30,371	35,436	36,797	38,789
	Community Facilities		—	—	—	56,064	—	—	—	—	—
	Sport and Recreation Facilities		—	—	—	12,510	12,510	12,510	700	738	778
	Community Assets		—	—	—	68,574	12,510	12,510	700	738	778
	Heritage Assets		—	—	—	—	—	—	—	—	—
	Revenue Generating		—	—	—	—	—	—	—	—	—
	Non-revenue Generating		—	—	—	—	—	—	—	—	—
	Investment properties		—	—	—	—	—	—	—	—	—
	Operational Buildings		—	—	—	56,064	—	—	—	—	—
	Housing		—	—	—	—	—	—	—	—	—
	Other Assets		—	—	—	56,064	—	—	—	—	—
	Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
	Servitudes		—	—	—	—	—	—	—	—	—
	Licences and Rights		—	—	—	56,064	—	—	—	—	—
	Intangible Assets		—	—	—	56,064	—	—	—	—	—
	Computer Equipment		—	—	—	116	—	—	—	—	—
	Furniture and Office Equipment		—	—	—	56,064	—	—	—	—	—
	Machinery and Equipment		—	—	—	—	—	—	—	—	—
	Transport Assets		—	—	—	—	—	—	—	—	—
	Land		—	—	—	—	—	—	—	—	—
	Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
	Total Capital Expenditure	4	1,122,630	78,348	27,446	672,813	53,332	53,332	48,592	51,715	54,278
	Roads Infrastructure		945,521	—	—	64,074	7,877	7,877	397	419	441
	Storm water Infrastructure		—	—	—	—	—	—	—	—	—
	Electrical Infrastructure		3,128	54,831	24,737	168,192	—	—	5,200	4,928	5,199
	Water Supply Infrastructure		—	—	—	77,678	22,363	22,363	28,832	30,389	32,030
	Sanitation Infrastructure		10,972	—	—	59,898	4,256	4,256	6,172	6,505	6,857
	Solid Waste Infrastructure		—	—	—	56,996	932	932	—	—	—
	Rail Infrastructure		—	—	—	—	—	—	—	—	—
	Coastal Infrastructure		—	—	—	—	—	—	—	—	—
	Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
	Infrastructure		959,621	54,831	24,737	426,837	35,427	35,427	40,601	42,241	44,527
	Community Facilities		2,616	—	—	56,064	—	—	—	—	—
	Sport and Recreation Facilities		83	—	—	14,107	13,825	13,825	1,676	1,767	1,862
	Community Assets		2,698	—	—	70,171	13,825	13,825	1,676	1,767	1,862
	Heritage Assets		—	—	—	—	—	—	—	—	—
	Revenue Generating		—	—	418	—	—	—	—	—	—
	Non-revenue Generating		—	—	—	—	—	—	—	—	—
	Investment properties		—	—	418	—	—	—	—	—	—
	Operational Buildings		13,439	22,509	2,291	56,064	—	—	—	—	—
	Housing		—	—	—	—	—	—	—	—	—
	Other Assets		13,439	22,509	2,291	56,064	—	—	—	—	—
	Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
	Servitudes		—	1,007	—	—	—	—	—	—	—
	Licences and Rights		2,007	—	—	56,180	116	116	140	146	154
	Intangible Assets		2,007	1,007	—	56,180	116	116	140	146	154
	Computer Equipment		—	—	—	916</					

ASSET REGISTER SUMMARY - PPE (WDV)	5	611,221	986,248	975,946	512,672	4,764	4,764	285,870	301,806	317,874
Roads Infrastructure		936,249	-	-	56,064	-	-	56,064	56,064	56,064
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		3,128	647,055	634,018	168,192	-	-	12,811	25,666	39,216
Water Supply Infrastructure		(474,310)	-	-	56,364	300	300	56,364	56,364	56,364
Sanitation Infrastructure		-	-	-	56,064	-	-	56,064	56,064	56,064
Solid Waste Infrastructure		-	-	-	56,064	-	-	56,064	56,064	56,064
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	700	430	430	700	700	700
Infrastructure		465,067	647,055	634,018	393,448	730	730	238,067	250,922	264,472
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		1,290	15	15	56,064	-	-	-	-	-
Investment properties		-	227,482	237,278	-	-	-	-	-	-
Other Assets		-	110,713	103,854	-	-	-	42,278	44,008	46,389
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	983	781	-	-	-	-	-	-
Computer Equipment		-	-	-	116	-	-	-	-	-
Furniture and Office Equipment		-	-	-	57,026	367	367	803	848	836
Machinery and Equipment		4,223	-	-	3,317	2,467	2,467	3,872	5,132	5,234
Transport Assets		-	-	-	2,700	1,200	1,200	850	895	944
Land		140,641	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	611,221	986,248	975,946	512,672	4,764	4,764	285,870	301,806	317,874
EXPENDITURE OTHER ITEMS		27,589	45,343	47,729	45,690	1,450	1,450	39,399	38,938	41,041
Depreciation	7	27,589	42,692	44,090	44,090	-	-	38,649	37,410	39,430
Repairs and Maintenance by Asset Class	3	-	2,651	3,639	1,600	1,450	1,450	750	1,528	1,611
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	1,777	3,173	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	1,777	3,173	-	-	-	-	-	-
Community Facilities		-	-	-	1,000	850	850	250	474	500
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	1,000	850	850	250	474	500
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	874	465	600	600	600	500	1,054	1,111
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	874	465	600	600	600	500	1,054	1,111
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		27,589	45,343	47,729	45,690	1,450	1,450	39,399	38,938	41,041
Renewal and upgrading of Existing Assets as % of total capex		86.4%	0.0%	0.0%	98.0%	81.0%	81.0%	74.4%	72.6%	72.9%
Renewal and upgrading of Existing Assets as % of deprecn		3515.3%	0.0%	0.0%	1496.0%	0.0%	0.0%	93.5%	100.3%	100.3%
R&M as a % of PPE		0.0%	0.3%	0.5%	0.3%	2.7%	2.7%	1.5%	3.0%	3.0%
Renewal and upgrading and R&M as a % of PPE		159.0%	0.0%	0.0%	129.0%	937.0%	937.0%	13.0%	13.0%	13.0%

FS161 Letsemeng - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		11,208	11,208	11,208	11,208	11,208	11,208	5,604	5,604	5,604
Piped water inside yard (but not in dwelling)		9,208	9,208	9,208	9,898	9,898	9,898	5,294	5,294	5,294
Using public tap (at least min.service level)	2	682	682	682	682	682	682	341	341	341
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		21,098	21,098	21,098	21,788	21,788	21,788	11,239	11,239	11,239
Using public tap (< min.service level)	3	894	894	894	447	447	447	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		486	486	486	243	243	243	—	—	—
<i>Below Minimum Service Level sub-total</i>		1,380	1,380	1,380	690	690	690	—	—	—
Total number of households	5	22,478	22,478	22,478	22,478	22,478	22,478	11,239	11,239	11,239
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		16,376	16,376	16,376	16,376	16,376	16,376	8,188	8,188	8,188
Flush toilet (with septic tank)		608	608	608	608	608	608	304	304	304
Chemical toilet		102	102	102	102	102	102	51	51	51
Pit toilet (ventilated)		2,370	2,370	2,370	2,370	2,370	2,370	1,185	1,185	1,185
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		19,456	19,456	19,456	19,456	19,456	19,456	9,728	9,728	9,728
Bucket toilet		512	512	512	512	512	512	256	256	256
Other toilet provisions (< min.service level)		1,382	1,382	1,382	1,382	1,382	1,382	691	691	691
No toilet provisions		1,134	1,134	1,134	1,134	1,134	1,134	567	567	567
<i>Below Minimum Service Level sub-total</i>		3,028	3,028	3,028	3,028	3,028	3,028	1,514	1,514	1,514
Total number of households	5	22,484	22,484	22,484	22,484	22,484	22,484	11,242	11,242	11,242
Energy:										
Electricity (at least min.service level)		2,000	2,000	2,000	2,000	2,000	2,000	1,000	1,000	1,000
Electricity - prepaid (min.service level)		18,000	18,000	18,000	18,000	18,000	18,000	9,000	9,000	9,000
<i>Minimum Service Level and Above sub-total</i>		20,000	20,000	20,000	20,000	20,000	20,000	10,000	10,000	10,000
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	20,000	20,000	20,000	20,000	20,000	20,000	10,000	10,000	10,000
Refuse:										
Removed at least once a week		15,292	15,292	15,292	15,292	15,292	15,292	7,646	7,646	7,646
<i>Minimum Service Level and Above sub-total</i>		15,292	15,292	15,292	15,292	15,292	15,292	7,646	7,646	7,646
Removed less frequently than once a week		204	204	204	204	204	204	102	102	102
Using communal refuse dump		966	966	966	966	966	966	483	483	483
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		156	156	156	156	156	156	78	78	78
No rubbish disposal		312	312	312	312	312	312	156	156	156
<i>Below Minimum Service Level sub-total</i>		1,638	1,638	1,638	1,638	1,638	1,638	819	819	819
Total number of households	5	16,930	16,930	16,930	16,930	16,930	16,930	8,465	8,465	8,465
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	15,000	15,000	15,000
Sanitation (free minimum level service)		—	—	—	—	—	—	15,000	15,000	15,000
Electricity/other energy (50kwh per household per month)		11,000	11,000	11,000	11,000	11,000	11,000	15,000	15,000	15,000
Refuse (removed at least once a week)		—	—	—	—	—	—	15,000	15,000	15,000
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		3,920	3,726	3,789	1,065	1,065	1,065	3,980	4,000	4,050
Sanitation (free sanitation service to indigent households)		7,090	—	—	1,832	1,832	1,832	2,000	2,050	2,079
Electricity/other energy (50kwh per indigent household per month)		2,663	2,663	2,663	2,490	2,490	2,490	2,500	2,550	2,600
Refuse (removed once a week for indigent households)		6,763	—	—	1,769	1,769	1,769	4,000	4,256	4,300
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		—	—	—	—	—	—	—	—	—
Total cost of FBS provided		20,436	6,389	6,452	7,157	7,157	7,157	12,480	12,856	13,029
Highest level of free service provided per household										
Property rates (R value threshold)		6	6	6	6	6	6	6	6	6
Water (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		—	—	—	—	—	—	—	—	—
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		—	—	—	—	—	—	—	—	—

FS161 Letsemeng - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		5,604	5,604	5,604	5,604	5,604	5,604	5,604	5,604	5,604
Piped water inside yard (but not in dwelling)		4,604	4,604	4,604	4,604	4,604	4,604	5,294	5,294	5,294
Using public tap (at least min.service level)	2	341	341	341	341	341	341	341	341	341
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		10,549	10,549	10,549	10,549	10,549	10,549	11,239	11,239	11,239
Using public tap (< min.service level)	3	447	447	447	447	447	447	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		243	243	243	243	243	243	—	—	—
<i>Below Minimum Service Level sub-total</i>		690	690	690	690	690	690	—	—	—
Total number of households	5	11,239	11,239	11,239	11,239	11,239	11,239	11,239	11,239	11,239
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		8,188	8,188	8,188	8,188	8,188	8,188	8,188	8,188	8,188
Flush toilet (with septic tank)		304	304	304	304	304	304	304	304	304
Chemical toilet		51	51	51	51	51	51	51	51	51
Pit toilet (ventilated)		1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		9,728	9,728	9,728	9,728	9,728	9,728	9,728	9,728	9,728
Bucket toilet		256	256	256	256	256	256	256	256	256
Other toilet provisions (< min.service level)		691	691	691	691	691	691	691	691	691
No toilet provisions		567	567	567	567	567	567	567	567	567
<i>Below Minimum Service Level sub-total</i>		1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514
Total number of households	5	11,242	11,242	11,242	11,242	11,242	11,242	11,242	11,242	11,242
Energy:										
Electricity (at least min.service level)		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Electricity - prepaid (min.service level)		9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
<i>Minimum Service Level and Above sub-total</i>		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
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	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Refuse:										
Removed at least once a week		7,646	7,646	7,646	7,646	7,646	7,646	7,646	7,646	7,646
<i>Minimum Service Level and Above sub-total</i>		7,646	7,646	7,646	7,646	7,646	7,646	7,646	7,646	7,646
Removed less frequently than once a week		102	102	102	102	102	102	102	102	102
Using communal refuse dump		483	483	483	483	483	483	483	483	483
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		78	78	78	78	78	78	78	78	78
No rubbish disposal		156	156	156	156	156	156	156	156	156
<i>Below Minimum Service Level sub-total</i>		819	819	819	819	819	819	819	819	819
Total number of households	5	8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	15,000	15,000	15,000
Sanitation (free minimum level service)		—	—	—	—	—	—	15,000	15,000	15,000
Electricity/other energy (50kwh per household per month)		11,000	11,000	11,000	11,000	11,000	11,000	15,000	15,000	15,000
Refuse (removed at least once a week)		—	—	—	—	—	—	15,000	15,000	15,000
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		3,920	3,726	3,789	1,065	1,065	1,065	3,980	4,000	4,050
Sanitation (free sanitation service to indigent households)		7,090	—	—	1,832	1,832	1,832	2,000	2,050	2,079
Electricity/other energy (50kwh per indigent household per month)		2,663	2,663	2,663	2,490	2,490	2,490	2,500	2,550	2,600
Refuse (removed once a week for indigent households)		6,763	—	—	1,769	1,769	1,769	4,000	4,256	4,300
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		—	—	—	—	—	—	—	—	—
Total cost of FBS provided		20,436	6,389	6,452	7,157	7,157	7,157	12,480	12,856	13,029
Highest level of free service provided per household										
Property rates (R value threshold)		6	6	6	6	6	6	6	6	6
Water (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		—	—	—	—	—	—	—	—	—
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
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		—	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—	—

1. Explanatory notes to budget

Table A1 is a summary of the budget of Letsemeng Local Municipality that gives an overview of the budget, it includes, the following key aspects

Financial Performance: This is a summary of income statement of the Municipality

Capital Expenditure and funding sources: This gives a brief overview of the capital expenditure and its funding sources

Financial Position: This is the balance sheet of Letsemeng Local Municipality

Cash Flow: This gives a brief overview of the Cash flow of the Municipality

Asset Management: This is the overview of the total assets of the Municipality

Free Services: This section gives the total amount of free basic services as provided by the municipality.

This is the most important as it gives users of the budget a “snapshot” of what is going to follow in the next nine (9) main table

Explanatory Notes to Table A2

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per functional classification.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4 as Table A4 exclude capital transfers

Explanatory Note to Table A3

1. Table A3 is an overview of the budgeted financial performance in relation to the revenue and expenditure per municipal vote.
2. From the above it can be seen that all trading services are making surpluses, and this is attributable to the following
 - a. Council proposes an increase of 13.07% on electricity tariffs
 - b. An increase of 5.2% on refuse, sewerage and water tariffs
 - c. 5.2% Increase for Property rates

- d. Cut on non-priority spending
3. Profits made on this services are used to subsidise non-trading services

Explanatory note on table A4

1. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the budgeted revenue of Letsemeng Local Municipality
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Major component of expenditure relates to employee costs

Explanatory note on Table A5

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

Explanatory Notes to Table A6

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Explanation to Table A7

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory note to table A8

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. Considering the requirements of section 18 of the MFMA, it can be concluded that the final budget for 2019/20 MTREF is funded because Municipality anticipates making a profit over the MTREF.

Explanatory Note for Table A9

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Explanatory notes to Table A10

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

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 2018 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.

The community and other stakeholders were consulted during the finalization of Integrated Development Plan which informed the final annual budget. Consultations took place immediately after the draft annual budget and revised Integrated Development Plan were tabled to Council.

2.2. Alignment of the Annual Budget with the Integrated Development Plan

The annual review of the Integrated Development Plan is a legislative requirement in terms of section 34 of the Municipal Systems Act. It stipulates that a Municipal Council must review its integrated plan annually in accordance with an assessment of its performance measurements in terms of section 41; and to the extent that changing circumstances so demand; and may amend its integrated development plan in accordance with a prescribed process.

The Annual Budget and the IDP are linked to one another, something that has been formalised through the promulgation of the Municipal Finance Management Act in 2004.

In compliance with the Municipal Structures Act and Municipal Finance Management Act the municipality's budget must be informed by and aligned to the IDP objectives. The budgetary allocations for both capital and operating expenditure need to be undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also leads to the municipality's vision being realized. This ensures that the IDP directs the development and implementation of projects.

Over the years, Auditor General has been raising exceptions that the Integrated Development Plan and Annual Budget are not aligned to each other. Furthermore, the Key Performance Indicators were not measurable and with no target dates. The performance management system is also not effective at the municipality as there is no dedicated unit or official entrusted with performance management. This in essence affected the audit opinion of the Auditor General on the predetermined objectives (although this was not necessarily expressed / reported in the audit report).

For the 2019/20 financial year, quite substantial effort has been devoted towards ensuring that the Integrated Development Plan and Annual Budget are aligned as required by the MFMA. The process of reconciling financial plan to its Integrated Development Plan created a whole new method of budgeting at the municipality. Council will in the future ensure that priorities within the budget are focused towards its strategies and objectives

2.3. 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 56 of 2003, prescribe the budget-related policies that must be approved together with the budget related policies below:

2.4.1 Credit Control and Debt Collection Policy

The number of indigent registered for the financial year 2018-19 is very low. A report is submitted, together with the quarterly report required in terms of the MFMA, where council is informed about the number of indigents that were registered at specific point in time.

Council is encouraging community to annually update their indigent status.

2.4.2 Virement Policy

These policies was reviewed and aimed at guiding the municipality in terms of compiling a credible and funded budget as required by the MFMA and also guide the municipality in terms of shifting of funds during the financial year. In addition to these policies, the mid-year budget assessment is used to guide and inform the mid-year review and adjustment budget process.

2.4.3 Supply Chain Management Policy

The review of this policy was made in line with Supply chain model. Establishment of Sec 32 Committee is vital for effective reporting on the expenditure incurred under Sec 32 of MFMA.

2.4.4 Cash Management and Investment Policy

The cash management and investment policy was reviewed. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

2.4.5 Tariff Policy

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. NERSA has not yet approved the electricity tariffs for 19/20 financial year but an increase of 13.07% was made based on the NERSA guideline, Please refer to the Annexure of Tariff List.

2.4.6 Indigent Support Policy

The recommendation is that the threshold be increased to a current value of R1 800 * 2 i.e. R3 600 pensioners combined or the rand value.

2.4.7 Budget Policy

To set out the budgeting principles which the municipality will follow in preparing each annual budget, as well as 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.

2.4.8 Funding and Reserves policy

The funding of operating and capital budgets is done on an annual basis for a three year horizon. The budget must be balanced from both accounting perspective as well as a cash perspective.

The Council set as a long term objective of a financially sustainable municipality with acceptable levels of service delivery to the community. Therefore, this policy aims to set standards and guidelines towards ensuring financial viability and sustainability over both the short-term and long-term and includes funding as well as reserves requirements.

2.4.9 Subsistence & Travel Allowance Policy

The policy is annually reviewed and it is aligned to the benefits that will assist an employee on tax purposes.

2.4.10 Petty Cash Policy

This policy has been developed for the 19/20 financial year, the purpose of this policy is to speed service delivery by procuring smaller items using petty cash

2.5. Overview of the budget assumptions

Budgets are prepared in an environment of uncertainty and assumptions need to be made about internal and external factors that could impact on the budget during the course of the financial year. In compiling the 2019-20 final Annual Budget, the following key issues and assumptions were taken into consideration and modelled into the budget planning process:

- (a) Economic climate and poverty levels within the municipality will remain the same / constant for major part of the financial year given the limited economic activities with the vicinity;
- (b) That the revenue collection will not increase / improve by more than 70% from the 2018-19 financial year;
- (c) Cash flow projections will be strictly maintained to ensure the municipality's ability to meet its financial obligations;
- (d) Operational costs will be maintained at current levels or reduced as cost containment measures and where there is material decrease in revenue collection rate, expenditure will have to be reduced at the same proportion;
- (e) Filling of vacant posts was prioritised taking into account the cash flow projections of the municipality.

2.6 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 ALLOCATIONS FOR LETSEMENG MUNICIPALITY FOR 19/20 MTREF

DORA GRANT	ALLOCATED AMOUNT
Equitable Share	R 63 668 000
Water Services Infrastructure Grant	R 24 000 000
Municipal Infrastructure Grant	R 17 149 000
Expanded Public Works Programme	R 1 000 000
Integrated National Electrification Grant	R 5 200 000
Financial Management Grant	R 2 435 000

All the grants allocated are conditional i.e. have to meet an obligation except Equitable Share grant which is unconditional. On the Equitable Share there is unspent amount of R22.2 million from previous financial year (2017-18) that is going to be deducted which gives a balance of R 41 468 000.

Municipality is also going to receive a grant in Kind of Municipal System Improvement Grant (MSIG), Total amount of this grant is R 1.8 million and it will be used for Revenue Enhancement Strategy.

2.7. 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.

- (a) Employee costs will increase from **R 49 934 000** (2018-19 adjustment budget) to **R53 561 000**.
- (b) The Council Remuneration of **R4 127 000** for 2019/20 is the **actual costs as approved in accordance with the government gazette on upper limits**

2.8. 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.

2.9. 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.

2.10. Contracts having 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.

2.11. Capital expenditure details

The total capital expenditure budget of the municipality is **R 48 531 000**

Municipal Water System Infrastructure Grant is allocated at **R 24 000 000** although the allocation is for Letsemeng the administration process is held by Department of Water Affairs & Sanitation and Sedibeng Water is an implementing agent with regards to projects relating to the funding.

Internally generated funds amounts to **R 3 040 000**

The other balance on the Municipal Infrastructure Grant amounting to **R 17 149 000** will be funding the Project Management Unit related costs. Below are planned projects for the coming financial year:

- Project Management Unit **R 857 450**
- Jacobsdal: Upgrading of waste water treatment works (MIS:168615) **R 30 510.26**
- Koffiefontein/Sonwabile: Construction of new sports facility (Phase 1) **R 976 401.18**
- Jacobsdal: Upgrading of waste water treatment works (Phase 2) **R51 734.73**
- Jacobsdal/Ratanang: Construction of waterbourne Sanitation for 202 stands (MIS:272657) **R 1 550 409.15**
- Koffiefontein/Dithlake: Upgrading and refurbishment of Sports facility (MIS:287082) **R 4 213 427.97**
- Koffiefontein/Dithlake/Diamanthoogte: Installation of 750 domestic water meters, bulk water meters (MIS:321576) **R 2 959 981.04**
- Jacobsdal/Ratanang: Installation of 681 domestic water meters, bulk water meters and valves (MIS:321605) **R 2 465 431.77**

- Luckhoff/Relebohile: Installation of 250 domestic water meters, bulk water meters and valves (MIS:321628) **R 1 343 154.74**
- Petrusburg/Bolokanang: Installation of 150 domestic water meters, bulk water meters and valves (MIS:321618) **R 945 211.04**
- Petrusburg/Bolokanang: Construction of new pipeline from boreholes 14 & 15 to reservoir (MIS:325184) **R 1 755 288.12**

2.12. Legislation compliance

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

2.12.1. In year reporting

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.

2.12.2. Internship programme

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

The municipality is expected to received **R2 435 000** of Financial Management Grant.

2.12.3 Budget and Treasury Office

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

2.12.4. Audit & Risk Committee

Municipality make use of the in-house Audit and Risk Committee which was established in the financial year 2017-18.

2.12.5 Service Delivery Budget and Implementation Plan

The detailed SDBIP document will be finalised after approval of the 2019-20 Annual Budget in June 2019.

2.13. Other supporting documents

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

(a) Tariff list

2.14. Municipal Manager's quality certificate

The Municipal Manager's quality certificate as required by the Municipal Budget and Reporting Regulations is attached in the next page.

LETSEMENG LOCAL MUNICIPALITY

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9986



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(053) 3300 200

OFFICE OF THE MUNICIPAL MANAGER

To whom it may concern

Re: Quality Certificate for 2019-20 Final Annual Budget

I, Tshemedi Lucas Mkhwane, the Municipal Manager of Letsemeng Local Municipality (FS161), hereby certify that the final annual budget for the 2019-20 financial years has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the final annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Name: Mr. T.L. Mkhwane

Municipality: Letsemeng Local Municipality

Signature:

Date:
