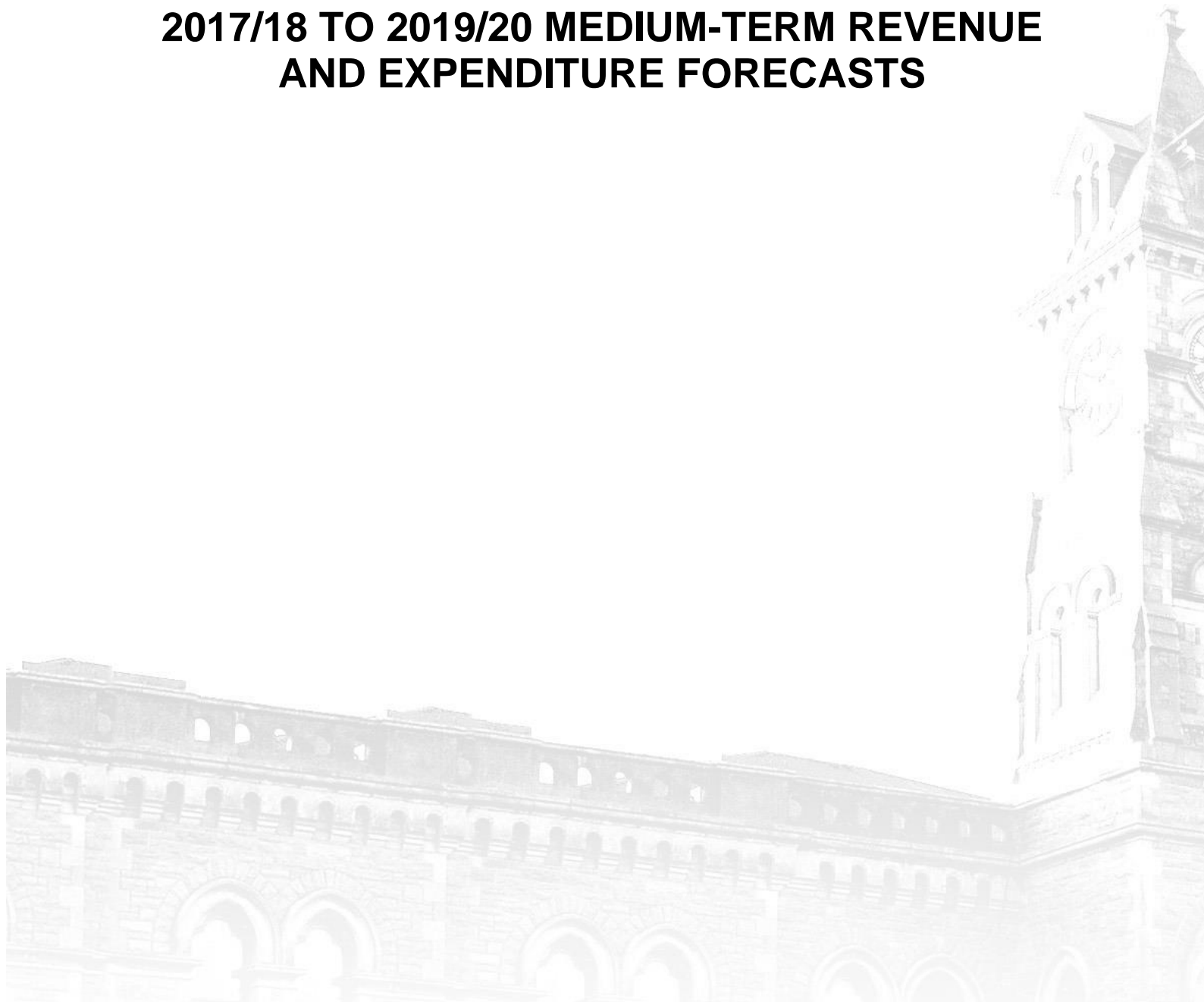




**MAKANA**  
MUNICIPALITY | EASTERN CAPE

## **2017/18 TO 2019/20 MEDIUM-TERM REVENUE AND EXPENDITURE FORECASTS**



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**Part 1 – Annual Budget**

**1.1 Mayor’s Report**

The Mayor’s Report will be included in the item to Council.

**1.2 Council Resolutions**

The Executive Mayor recommends that the Council resolves that:

1. The annual budget of Makana Municipality for the financial year 2017/18 and the indicative allocations for the projected outer years 2018/19 and 2019/20; and the multi-year and single year capital appropriations be approved as tabled, for the purpose of complying with Chapter 4 of the Municipal Finance Management Act (MFMA) No. 56 of 2003 read in conjunction with Municipal Budget and Reporting Regulations 32141 (dated 17 April 2009), as set-out in the following tables incorporated elsewhere in the Agenda item:

1.1 Budgeted Financial Performance (revenue and expenditure by standard classification); Budgeted Financial Performance (revenue and expenditure by municipal vote);

1.2 Budgeted Financial Performance (revenue by source and expenditure by type); and

1.3 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.

2. The budgeted financial position, budgeted cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:

2.1 Budgeted Financial Position;

2.2 Budgeted Cash Flows;

2.3 Cash backed reserves and accumulated surplus reconciliation;

2.4 Asset management;

2.5 Basic service delivery measurement.

3. That Council notes that as the 2017/18 to 2019/20 budget period is purely reflecting the full implementation of the new mSCOA.

4. That Council notes that the Collection Rate is set at 90% for 2017/18 financial year and 95% for the outer years.

5. That Council notes that the tariffs are recommended to be increased as follows as per with effect from 1 July 2017:

- Property rates – 6.4%
- Water – 6.4%
- Sanitation – 6.4%
- Refuse – 6.4%
- Electricity – 1.88%

.....  
 Mr. M. Planga  
 ACTING MUNICIPAL MANAGER

DATE: .....

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipal financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The business and service delivery priorities of the municipality were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

A critical review was also undertaken of expenditure on non-core and non-priority spending items in line with MFMA Circular 82 - Cost Containment Measures. Emphasis was placed on providing of funds for the repairs and maintenance line items.

In light of the above cost containment measures the following expenditure line items were identified as non-core and non-priority:

- Travel & Subsistence Allowance
- Accommodation
- All catering costs were reduced to 10%
- Security Costs – Budget Steering Committee recommended that alternatives for security services to be identified to reduce the current costs.
- Events Costs
- Cleaning Costs
- Overtime Costs – Human Resource Manager is in the process of reviewing the overtime policy.
- Printing and Stationery Costs

The Municipality faced the following significant challenges during the compilation of the 2017/18 MTREF:

- Budgeting for a surplus (i.e. Total Revenue exceeding Total Expenditure) on the operating Budget;
- Fully implementing cost containment measures and removing non-core expenditure items;
- Maintaining revenue collection rates at acceptable levels and even more;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Allocation of the required operating budget provision for staffing requirements, including the implementation of the Task Job Evaluation System and the associated maintenance phase;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;
- Maintaining an acceptable cost coverage ratio;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's declining cash position into account;
- Integration of town planning and valuation functions to ensure that new property developments, improvements to existing properties and changes to properties usage

are correctly processed and captured in the billing system, to enable accurate accounts and completeness of general valuation roll and supplementary roll.

- Curbing consumption of water and electricity by the indigent.
- Appropriate strategies to address water & electricity losses due to aging infrastructure and theft to minimise unaccounted revenue losses.
- Transition to a new financial system and a new chart of accounts (mSCOA) has placed the administration under tremendous strain to compile 2017/18 MTREF.

**The following budget principles and guidelines directly informed the compilation MTREF for 2017/18:**

National Treasury's MFMA Circular No. 85 and 86 were used to guide the compilation of the 2017/18 MTREF.

- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- No budget allocations have been made to programmes and projects, unless the respective programme and project plans are reflecting in the IDP.
- It is also a requirement that new projects that are motivated into the budgeting process must be accompanied with (i) Business Plan, (ii) Cash Flow and (iii) Procurement Plan.

Municipality is in the process of turning around the current declining position in order to build a sustainable future, revenue enhancement is one of the key elements of turn around strategies that has be used to address the challenges.

**Table 1 Consolidated Overview of the 2017/18 MTREF**

Description	Current Year	2017/18 Medium Term Revenue & Expenditure Framework		
		Adjusted Budget 2016/17	Budget Year 2017/18	Budget Year 2018/19
<b>R thousands</b>				
Total Operating Revenue	422 210	432 216	454 211	479 647
Total Operating Expenditure	387 033	432 271	460 084	486 280
Expenditure non-cash items (depreciation and debt impairment)	35 177	42 677	45 511	47 635
Total Capital Expenditure	43 168	229 236	79 801	68 267

Total operating revenue has grown by R10 million for 2017/18 financial year when compared to the 2016/17 Adjustment Budget. The adopted capital budget of R229, 2 million for 2017/18 is 19 per cent more when compared to the 2016/17 Adjusted Budget.

Total operating expenditure for the 2017/18 financial year amounts to R432, 2 million and non-cash items are budgeted at R42, 6 million.

The major operating expenditure items for 2017/18 are employee related costs 35%, bulk electricity and water purchases 21%, Contracted Services 3%, depreciation and asset impairment 7% and Debt Impairment 1%.

## 1.4 OPERATING BUDGET FRAMEWORK

### 1.4.1 Operating Revenue

Makana Municipality requires sustainable revenue streams in order to improve the lives of its citizen. The municipality must continuously review revenue management process to ensure that revenue projected and the municipality has an ability to maximize the revenue generating potential of all revenue sources through adequate and effective controls and allow for investments opportunities that will accelerate economic growth.

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

- National Treasury's guidelines in this regard in terms of the relevant Circulars;
- Tariff Policies;
- Efficient revenue management, which aim to ensure an above 90 per cent annual collection rate for property rates and other service charges;
- Electricity Municipality tariffs increases as approved by the National Electricity Municipality Regulator of SA (NERSA)
- Determining the tariff escalation rate by calculating the revenue requirement of each service taking into consideration the affordability of these tariffs;
- The municipality's Property Rates Policy approved in terms of MPRA, and
- The municipality's Indigent Policy and rendering of free basic services.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>										
Property rates	46 153	53 827	-	65 215	65 215	65 215	65 215	64 080	67 732	71 525
Service charges - electricity revenue	95 766	96 547	191 064	191 033	129 683	129 683	129 683	116 434	123 050	129 918
Service charges - water revenue	39 594	66 695	73 101	63 270	71 052	71 052	71 052	49 587	52 397	55 313
Service charges - sanitation revenue	19 752	21 525	37 254	44 075	33 662	33 662	33 662	18 380	19 412	20 483
Service charges - refuse revenue	6 363	11 741	19 340	8 305	8 305	8 305	8 305	6 554	6 914	7 287
Service charges - other	90	102	-	-	-	-	-	-	-	-
Rental of facilities and equipment	801	1 023	-	811	811	811	811	1 425	1 506	1 590
Interest earned - external investments	10 822	12 494	-	700	700	700	700	500	529	558
Interest earned - outstanding debtors	385	-	-	16 059	16 059	16 059	16 059	12 065	12 752	13 466
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	656	55	-	1 092	1 092	1 092	1 092	397	419	443
Licences and permits	2 597	2 344	-	1 647	1 647	1 647	1 647	4 009	4 238	4 475
Agency services	877	850	-	500	500	500	500	550	581	614
Transfers and subsidies	59 983	81 632	-	91 292	91 292	91 292	91 292	98 859	104 494	110 345
Other revenue	13 850	2 939	119 294	2 185	2 185	2 185	2 185	23 887	25 248	26 662
Gains on disposal of PPE	-	33	-	-	-	-	-	2 500	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>297 687</b>	<b>351 809</b>	<b>440 053</b>	<b>486 184</b>	<b>422 203</b>	<b>422 203</b>	<b>422 203</b>	<b>399 224</b>	<b>419 272</b>	<b>442 681</b>

Revenue generated from rates and service charges forms a significant percentage of the revenue basket for the municipality. Electricity service charges is the largest contributor towards municipal revenue streams at an average of 30 per cent over MTREF.

The second largest revenue source is Property Rates at 15% and municipality depend on electricity to cross subsidise Rates and General services.

The trading service water has been reduced by R13 million 2017/18 when compared with 2016/17 Adjusted Budget. This is attributed by the data cleansing exercise and tariffs that are not cost-reflective.

Operating grants and transfer totals to R98,8 million in the 2017/18 financial year, and the allocation is mainly Equitable Share, FMG, EPWP and subsidy from the Sarah Baartman District municipality.

#### **1.4.2 Operating Expenditure**

The municipality's framework for the 2017/18 budget and MTREF is informed by the following:

- Given that one of the primary drivers of this budget is to keep tariff increases with the Inflationary envelope of 6.4%, expenditure allocations has increased by R5, 7 million as compared to 2016/17 Adjustments budget;
- The Chief Financial Officer has ensured that Repairs and Maintenance provisions are within best practice parameters of 8% of Asset Cost and 13% of Operating Expenditure. The weakness here however is that there is no Municipal wide asset repairs and maintenance plan. Repairs and Maintenance is done in silo's hence it lacks in synergistic benefit of ensuring budget allocations are used efficiently and effectively;
- Related to the above weakness the capital programme carries the risk on not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;
- Funding of the budget over the medium-term is informed by Section 18 and 19 of the MFMA; and
- Strict adherence to the principle of "no project plan no budget". If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

**Table 3 Summary of operating expenditure by standard classification item**

R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure By Type</b>										
Employee related costs	129 819	129 930	126 773	144 631	123 994	123 994	123 994	167 803	177 368	187 300
Remuneration of councillors	8 337	9 458	9 723	9 723	10 497	10 497	10 497	10 436	11 030	11 648
Debt impairment		–	–	–	–	–	–	7 500	7 928	8 371
Depreciation & asset impairment	36 729	33 599	31 502	31 639	31 639	31 639	31 639	35 177	37 182	39 264
Finance charges	6 337	16 457	478		9 700	9 700	9 700	6 600	6 976	7 367
Bulk purchases	67 096	82 037	87 574	104 404	71 103	71 103	71 103	101 050	106 810	112 791
Other materials				1 600	1 522	1 522	1 522	1 145	1 210	1 278
Contracted services	6 917	4 491	8 734	28 408	28 408	28 408	28 408	13 655	14 434	15 242
Transfers and subsidies	22 246	30 808	48 997	50 515	50 515	50 515	50 515	3 376	3 575	3 783
Other expenditure	60 457	82 472	124 140	115 272	94 832	94 832	94 832	128 206	139 082	146 871
Loss on disposal of PPE								–	–	–
<b>Total Expenditure</b>	<b>337 939</b>	<b>389 251</b>	<b>437 920</b>	<b>486 191</b>	<b>422 210</b>	<b>422 210</b>	<b>422 210</b>	<b>474 948</b>	<b>505 595</b>	<b>533 915</b>

The budgeted allocation for **employee related costs** for the 2017/18 financial year totals R178 million, which equals 35 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 8 per cent for the 2017/18 financial year. An annual increase of 5.8 and 5.9 per cent has been included in the two outer years of the MTREF.

Senior management has agreed in principle that no provision would be made for previously unfunded posts until such time that the financial position of the municipality has improved and the impact of the Job evaluation exercise.

The cost associated with the **remuneration of councillors** is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). An increase of 7 per cent has been budgeted for the 2017/18 financial year.

**The provision of debt impairment** was determined based on an annual collection rate of 90 per cent and the Debt Write-off Policy. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues, for 2017/18 budget allocation amounts to R7, 5 million

**Provision for depreciation and asset impairment** has been informed by the Municipality's Financial Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R35, 1 million for the 2017/18 financial year.

**Finance charges** consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges on the budget make up R6, 6 million of operating expenditure.

**Bulk purchases** are directly informed by the purchase of electricity from Eskom and water from DWS. The annual price increases have been factored into the budget appropriations of the R101 million total electricity comprises R95 million and water R6 million. The expenditure includes distribution losses.

## 1.5 CAPITAL BUDGET FRAMEWORK



The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 4 2017/18 Medium-Term capital budget per vote**

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Technical & Infrastructure		-	-	-	89 671	14 267	14 267	-	180 621	-	-
Vote 2 - Corporate Services		-	-	-	6 350	-	-	-	750	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services		-	-	-	17 878	19 250	19 250	-	3 942	-	-
Vote 5 - Executive Mayor		-	-	-	-	-	-	-	-	-	-
Vote 6 - Speakers Office		-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 8 - Local Economic Development		-	-	-	-	-	-	-	600	-	-
Vote 9 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		-	-	-	9 079	7 712	7 712	-	8 085	-	-
Vote 11 - Water		-	-	-	47 065	1 939	1 939	-	44 405	-	-
Vote 12 - Dog Tax		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	<b>170 043</b>	<b>43 168</b>	<b>43 168</b>	-	<b>238 403</b>	-	-
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>5 302</b>	<b>2 461</b>	<b>1 150</b>	<b>6 350</b>	<b>1 644</b>	<b>1 644</b>	-	<b>750</b>	-	-
Executive and council		673	327	-	-	-	-	-	-	-	-
Finance and administration		1 161	568	-	-	-	-	-	750	-	-
Internal audit		3 468	1 566	1 150	6 350	1 644	1 644	-	-	-	-
<b>Community and public safety</b>		<b>18 609</b>	<b>3 673</b>	<b>1 300</b>	<b>17 878</b>	<b>20 334</b>	<b>20 334</b>	-	<b>3 942</b>	-	-
Community and social services		3 100	67	996	1 084	1 084	1 084	-	3 942	-	-
Sport and recreation		14 138	3 393	304	16 794	19 251	19 251	-	-	-	-
Public safety		935	213	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		436	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>8 722</b>	<b>11 945</b>	<b>1 201</b>	<b>1 252</b>	<b>12 860</b>	<b>12 860</b>	-	<b>6 309</b>	-	-
Planning and development		3 359	3 720	-	-	-	-	-	600	-	-
Road transport		4 917	8 224	1 201	1 252	12 860	12 860	-	5 709	-	-
Environmental protection		445	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>20 952</b>	<b>22 654</b>	<b>59 291</b>	<b>144 563</b>	<b>8 331</b>	<b>8 331</b>	-	<b>226 902</b>	<b>55 110</b>	<b>42 348</b>
Energy sources		1 129	2 953	5 114	9 079	5 079	5 079	-	8 085	4 110	4 348
Water management		1 897	15 442	26 000	47 065	2 160	2 160	-	44 405	25 000	15 000
Waste water management		17 926	4 236	28 177	88 419	1 092	1 092	-	174 412	26 000	23 000
Waste management		-	24	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	<b>500</b>	<b>529</b>	<b>558</b>
<b>Total Capital Expenditure - Functional</b>	3	<b>53 585</b>	<b>40 733</b>	<b>62 942</b>	<b>170 043</b>	<b>43 168</b>	<b>43 168</b>	-	<b>238 403</b>	<b>55 639</b>	<b>42 906</b>
<b>Funded by:</b>											
National Government		29 643	21 784	56 940	159 140	42 085	42 085	-	80 474	55 110	42 348
Provincial Government		-	-	996	1 084	1 084	1 084	-	567	599	633
District Municipality		-	67	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	9 820	0	0	-	148 762	-	-
<b>Transfers recognised - capital</b>	4	<b>29 643</b>	<b>21 852</b>	<b>57 936</b>	<b>170 043</b>	<b>43 168</b>	<b>43 168</b>	-	<b>229 803</b>	<b>55 709</b>	<b>42 981</b>
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	849	6 835	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		23 094	12 047	5 056	-	-	-	-	8 600	-	-
<b>Total Capital Funding</b>	7	<b>53 585</b>	<b>40 733</b>	<b>62 992</b>	<b>170 043</b>	<b>43 168</b>	<b>43 168</b>	-	<b>238 403</b>	<b>55 709</b>	<b>42 981</b>

Repairs and maintenance allocation for 2017/18 financial year amounts to R89 million, the money will be spent on repairing infrastructure assets.

Capital budget allocation for 17/18 financial year amounts to R238, 4 million. Sanitation infrastructure allocation totalling R174, 4 million), followed by water infrastructure at R44, 4 million, electricity at R8 million and roads at 5, 7 million.

## 1.6 Municipal Standard Chart of Accounts (mSCOA)

As Council is aware this Municipality is currently preparing for the implementation of the new Municipal Standard Chart of Accounts. Such are governed by regulations which will become effective Nation-wide on 1 July 2017.

In short the change is resulting in some sound business reforms:

- Ensuring a more consistent reporting of financial transactions across all municipalities in South Africa; and
- Ensuring that municipalities can budget per objective or project based, not on items or products.

The project is run on a strict Project Management basis and project issues are well documented and managed.

### **1.7 Annual Budget Tables**

The following pages present the ten **main** budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the following page.

#### **Table 5 MBRR Table A1 - Budget Summary**

EC104 Makana - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	+1 2018/19	+2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	46 153	53 827	–	65 215	65 215	65 215	–	64 080	67 732	71 525
Service charges	161 564	196 610	320 759	306 683	242 702	242 702	–	193 062	204 005	215 364
Investment revenue	10 822	12 494	–	700	700	700	–	500	529	558
Transfers recognised - operational	59 983	81 632	–	91 292	91 292	91 292	–	98 859	104 556	110 477
Other own revenue	19 165	7 245	119 294	22 295	22 295	22 295	–	75 716	77 389	81 723
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>297 687</b>	<b>351 809</b>	<b>440 053</b>	<b>486 184</b>	<b>422 203</b>	<b>422 203</b>	<b>–</b>	<b>432 216</b>	<b>454 211</b>	<b>479 647</b>
Employee costs	129 819	129 930	126 773	144 631	123 994	123 994	–	167 803	177 368	187 300
Remuneration of councillors	8 337	9 458	9 723	9 723	10 497	10 497	–	10 436	11 030	11 648
Depreciation & asset impairment	36 729	33 599	31 502	31 639	31 639	31 639	–	35 177	37 182	39 264
Finance charges	6 337	16 457	478	–	9 700	9 700	–	6 600	6 976	7 367
Materials and bulk purchases	67 096	82 037	87 574	106 004	72 625	72 625	–	102 195	108 020	114 069
Transfers and grants	22 246	30 808	48 997	50 515	50 515	50 515	–	3 376	3 575	3 783
Other expenditure	67 374	86 962	132 874	143 680	123 240	123 240	–	149 362	161 443	170 484
<b>Total Expenditure</b>	<b>337 939</b>	<b>389 251</b>	<b>437 920</b>	<b>486 191</b>	<b>422 210</b>	<b>422 210</b>	<b>–</b>	<b>474 948</b>	<b>505 595</b>	<b>533 915</b>
<b>Surplus/(Deficit)</b>	<b>(40 251)</b>	<b>(37 442)</b>	<b>2 133</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>–</b>	<b>(42 731)</b>	<b>(51 384)</b>	<b>(54 268)</b>
Transfers and subsidies - capital (monetary alloc	55 750	28 979	–	–	–	–	–	23 526	79 801	68 267
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	214 877	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>15 499</b>	<b>(8 463)</b>	<b>2 133</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>–</b>	<b>195 672</b>	<b>28 417</b>	<b>13 999</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>15 499</b>	<b>(8 463)</b>	<b>2 133</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>–</b>	<b>195 672</b>	<b>28 417</b>	<b>13 999</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>53 585</b>	<b>40 733</b>	<b>62 942</b>	<b>170 043</b>	<b>43 168</b>	<b>43 168</b>	<b>–</b>	<b>238 403</b>	<b>55 639</b>	<b>42 906</b>
Transfers recognised - capital	29 643	21 852	57 936	170 043	43 168	43 168	–	229 803	55 709	42 981
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	849	6 835	–	–	–	–	–	–	–	–
Internally generated funds	23 094	12 047	5 056	–	–	–	–	8 600	–	–
<b>Total sources of capital funds</b>	<b>53 585</b>	<b>40 733</b>	<b>62 992</b>	<b>170 043</b>	<b>43 168</b>	<b>43 168</b>	<b>–</b>	<b>238 403</b>	<b>55 709</b>	<b>42 981</b>
<b>Financial position</b>										
Total current assets	183 364	257 605	406 362	278 677	278 677	278 677	–	287 395	303 778	320 789
Total non current assets	1 037 290	1 072 632	700 456	920 961	920 961	920 961	–	927 605	980 479	1 035 386
Total current liabilities	135 312	236 979	111 932	281 005	281 005	281 005	–	174 637	187 591	198 096
Total non current liabilities	91 221	116 502	2 145	49 307	49 307	49 307	–	80 400	84 983	89 742
Community wealth/Equity	994 122	976 755	992 213	869 327	869 327	869 327	–	969 963	1 025 251	1 082 665
<b>Cash flows</b>										
Net cash from (used) operating	(8 908)	55 925	5 042	184 063	57 189	57 189	57 189	36 523	38 546	40 642
Net cash from (used) investing	(53 701)	(38 853)	(6 857)	(173 043)	(43 168)	(43 168)	(43 168)	(26 036)	(27 519)	(29 059)
Net cash from (used) financing	30 770	1 063	–	(5 500)	(4 000)	(4 000)	(4 000)	(6 600)	(6 976)	(7 367)
<b>Cash/cash equivalents at the year end</b>	<b>(22 006)</b>	<b>4 698</b>	<b>5 105</b>	<b>8 129</b>	<b>12 629</b>	<b>12 629</b>	<b>12 629</b>	<b>9 067</b>	<b>13 117</b>	<b>17 333</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	(13 275)	18 320	20 451	20 473	20 473	20 473	–	17 858	18 876	19 933
Application of cash and investments	(63 255)	(327)	(101 457)	12 490	(17 901)	(17 901)	–	6 506	6 447	6 353
<b>Balance - surplus (shortfall)</b>	<b>49 980</b>	<b>18 647</b>	<b>121 908</b>	<b>7 983</b>	<b>38 374</b>	<b>38 374</b>	<b>–</b>	<b>11 352</b>	<b>12 429</b>	<b>13 580</b>
<b>Asset management</b>										
Asset register summary (WDV)	1 034 129	1 072 632	125 884	340 086	340 086	340 086	225 668	225 668	55 110	42 348
Depreciation	36 729	33 599	31 502	31 639	31 639	31 639	–	–	–	–
Renewal of Existing Assets	–	–	–	–	–	–	–	140 986	51 000	38 000
Repairs and Maintenance	12 777	10 136	23 657	–	–	–	89 000	89 000	30 110	27 348
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	7	7	7	30 892	30 892	32 715	34 612
Revenue cost of free services provided	–	–	–	–	–	–	2 108	2 108	2 228	2 353
<b>Households below minimum service level</b>										
Water:	–	–	–	25	250	25	150	150	14	13
Sanitation/sew erage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	0	0	0	0	0	0	0

## Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
4. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
5. Capital expenditure is balanced by capital funding sources, of which transfers recognised is reflected on the Financial Performance Budget;
6. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase however it needs to be noted that this table does not cater for the cross subsidisation value of the lower end tariffs in the tiered structure of basic service charges. This implies that the values reflected as Free Basic Services and the revenue cost are in reality much higher should one include the cross-subsidisation that takes place within the lower end of the tariffs. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 6 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification**

EC104 Makana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		105 155	148 057	110 328	143 583	123 263	123 263	159 641	168 740	178 190
Executive and council		3 858	5 984	8 519	7 660	7 660	7 660	32 075	33 903	35 801
Finance and administration		101 297	142 073	101 809	135 923	115 603	115 603	127 566	134 837	142 388
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		8 308	31 860	3 886	24 360	16 701	19 701	24 452	25 846	27 293
Community and social services		2 682	1 141	3 527	4 789	4 789	7 789	5 217	5 514	5 823
Sport and recreation		3 784	28 979	127	16 810	9 151	9 151	6 398	6 763	7 142
Public safety		48	-	232	840	840	840	9 228	9 754	10 300
Housing		-	-	-	-	-	-	-	-	-
Health		1 793	1 740	-	1 921	1 921	1 921	3 609	3 815	4 028
<b>Economic and environmental services</b>		13 760	4 363	5 066	4 929	4 929	4 929	49 595	52 422	55 357
Planning and development		2 455	641	2 554	230	230	230	27 430	28 993	30 617
Road transport		10 284	3 320	2 512	4 674	4 674	4 674	22 141	23 403	24 713
Environmental protection		1 022	402	-	25	25	25	24	26	27
<b>Trading services</b>		226 212	196 508	320 758	483 352	277 306	277 306	427 749	286 988	287 057
Energy sources		100 108	96 547	191 064	204 540	161 905	161 905	145 159	153 198	161 785
Water management		61 021	66 695	73 101	116 645	70 213	70 213	85 883	89 983	79 012
Waste water management		37 692	21 525	37 254	146 403	29 424	29 424	176 010	21 930	23 158
Waste management		27 390	11 741	19 340	15 764	15 764	15 764	20 697	21 877	23 102
<b>Other</b>	4	3	-	15	10	10	10	16	17	18
<b>Total Revenue - Functional</b>	2	353 438	380 788	440 054	656 234	422 210	425 210	661 452	534 012	547 914
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		112 471	173 565	129 449	158 999	160 163	160 163	161 159	170 345	179 884
Executive and council		24 104	16 310	33 831	31 862	24 098	24 098	26 422	27 928	29 492
Finance and administration		88 367	157 255	95 618	127 137	136 065	136 065	133 138	140 727	148 607
Internal audit		-	-	-	-	-	-	1 599	1 690	1 785
<b>Community and public safety</b>		21 920	18 437	30 294	43 766	42 260	42 260	42 540	44 965	47 483
Community and social services		6 589	8 601	11 535	12 332	12 200	12 200	14 380	15 200	16 051
Sport and recreation		6 695	8 014	7 487	16 088	14 896	14 896	12 510	13 223	13 964
Public safety		6 343	-	11 271	12 469	12 404	12 404	12 450	13 160	13 897
Housing		45	-	-	56	56	56	-	-	-
Health		2 249	1 822	-	2 821	2 704	2 704	3 200	3 382	3 572
<b>Economic and environmental services</b>		27 329	32 742	45 196	42 143	42 673	42 673	36 676	38 767	40 938
Planning and development		7 675	6 520	13 214	11 862	9 804	9 804	14 547	15 376	16 237
Road transport		17 305	26 222	24 943	27 535	30 883	30 883	20 129	21 277	22 468
Environmental protection		2 349	-	7 039	2 747	1 987	1 987	2 000	2 114	2 232
<b>Trading services</b>		175 967	164 507	232 822	241 114	176 944	176 944	234 573	251 519	265 610
Energy sources		84 155	98 641	117 979	129 734	76 400	76 400	120 671	131 219	138 568
Water management		50 585	37 390	55 749	56 891	56 891	56 891	70 298	74 305	78 467
Waste water management		24 801	16 314	29 739	32 966	25 545	25 545	24 314	25 700	27 145
Waste management		16 426	12 163	29 354	21 522	18 108	18 108	19 200	20 294	21 431
<b>Other</b>	4	252	-	160	169	169	169	-	-	-
<b>Total Expenditure - Functional</b>	3	337 939	389 251	437 921	486 191	422 210	422 210	474 948	505 595	533 915
<b>Surplus/(Deficit) for the year</b>		15 499	(8 463)	2 133	170 043	(0)	3 000	186 504	28 416	13 999

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water function

3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

### Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

**EC104 Makana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>	1									
Vote 1 - Technical & Infrastructure		-	35 407	38 567	53 842	42 202	42 202	188 437	35 080	24 216
Vote 2 - Corporate Services		-	403	929	915	665	665	23 480	24 819	23 036
Vote 3 - Financial Services		-	83 700	98 799	126 200	119 700	119 700	88 969	94 040	99 306
Vote 4 - Community & Social Services		-	28 469	27 319	25 437	17 778	17 778	68 757	72 676	76 746
Vote 5 - Executive Mayor		-	463	561	2 912	2 912	2 912	8 856	9 361	9 885
Vote 6 - Speakers Office		-	3 746	4 508	4 745	4 745	4 745	14 802	15 646	16 522
Vote 7 - Municipal Manager		-	743	3 428	2	2	2	20 866	22 055	23 290
Vote 8 - Local Economic Development		-	109	1 380	1 032	1 032	1 032	16 966	16 887	17 832
Vote 9 - Housing		-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		-	116 556	191 063	195 461	161 961	161 961	145 159	153 433	162 025
Vote 11 - Water		-	76 715	73 101	75 645	70 213	70 213	85 159	90 015	95 055
Vote 12 - Dog Tax		-	-	1	1	1	1	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	-	<b>346 312</b>	<b>439 657</b>	<b>486 191</b>	<b>421 210</b>	<b>421 210</b>	<b>661 452</b>	<b>534 012</b>	<b>547 914</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Technical & Infrastructure		-	44 396	51 054	59 362	47 897	47 897	43 792	46 289	48 881
Vote 2 - Corporate Services		-	25 738	38 016	37 843	37 593	37 593	28 637	30 270	31 965
Vote 3 - Financial Services		-	60 708	50 605	79 443	72 943	72 943	98 800	104 432	110 280
Vote 4 - Community & Social Services		-	58 543	87 102	77 120	69 461	69 461	58 156	65 045	68 862
Vote 5 - Executive Mayor		-	4 371	4 937	10 281	10 281	10 281	8 856	9 361	9 885
Vote 6 - Speakers Office		-	6 728	11 348	13 163	13 163	13 163	11 302	11 946	12 615
Vote 7 - Municipal Manager		-	4 158	5 806	8 418	8 418	8 418	13 516	14 286	15 086
Vote 8 - Local Economic Development		-	4 866	16 433	13 877	13 877	13 877	22 000	23 254	24 388
Vote 9 - Housing		-	48	26	56	56	56	-	-	-
Vote 10 - Electricity		-	106 402	116 744	129 734	96 234	96 234	120 261	127 116	134 234
Vote 11 - Water		-	48 304	55 849	56 891	52 284	52 284	69 628	73 597	77 718
Vote 12 - Dog Tax		-	-	-	1	1	1	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	-	<b>364 262</b>	<b>437 920</b>	<b>486 191</b>	<b>422 210</b>	<b>422 210</b>	<b>474 948</b>	<b>505 595</b>	<b>533 915</b>
<b>Surplus/(Deficit) for the year</b>	2	-	<b>(17 950)</b>	<b>1 736</b>	<b>0</b>	<b>(1 000)</b>	<b>(1 000)</b>	<b>186 503</b>	<b>28 417</b>	<b>13 999</b>

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

### Table 8 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC104 Makana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	46 153	53 827	–	65 215	65 215	65 215	–	64 080	67 732	71 525
Service charges - electricity revenue	2	95 766	96 547	191 064	191 033	129 683	129 683	–	118 542	125 282	132 280
Service charges - water revenue	2	39 594	66 695	73 101	63 270	71 052	71 052	–	49 587	52 397	55 313
Service charges - sanitation revenue	2	19 752	21 255	37 254	44 075	33 662	33 662	–	18 380	19 412	20 483
Service charges - refuse revenue	2	6 363	11 741	19 340	8 305	8 305	8 305	–	6 554	6 914	7 287
Service charges - other		90	102	–	–	–	–	–	–	–	–
Rental of facilities and equipment		801	1 023	–	811	811	811	–	1 425	1 506	1 590
Interest earned - external investments		10 822	12 494	–	700	700	700	–	500	529	558
Interest earned - outstanding debtors		385	–	–	16 059	16 059	16 059	–	12 065	12 752	13 466
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		656	55	–	1 092	1 092	1 092	–	397	419	443
Licences and permits		2 597	2 344	–	1 647	1 647	1 647	–	4 009	4 238	4 475
Agency services		877	850	–	500	500	500	–	550	581	614
Transfers and subsidies		59 983	81 632	–	91 292	91 292	91 292	–	98 859	104 556	110 477
Other revenue	2	13 850	2 939	119 294	2 185	2 185	2 185	–	54 771	57 893	61 135
Gains on disposal of PPE		–	33	–	–	–	–	–	2 500	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>297 687</b>	<b>351 809</b>	<b>440 053</b>	<b>486 184</b>	<b>422 203</b>	<b>422 203</b>	<b>–</b>	<b>432 216</b>	<b>454 211</b>	<b>479 647</b>
<b>Expenditure By Type</b>											
Employee related costs	2	129 819	129 930	126 773	144 631	123 994	123 994	–	167 803	177 368	187 300
Remuneration of councillors		8 337	9 458	9 723	9 723	10 497	10 497	–	10 436	11 030	11 648
Debt impairment	3	–	–	–	–	–	–	–	7 500	7 928	8 371
Depreciation & asset impairment	2	36 729	33 599	31 502	31 639	31 639	31 639	–	35 177	37 182	39 264
Finance charges		6 337	16 457	478	–	9 700	9 700	–	6 600	6 976	7 367
Bulk purchases	2	67 096	82 037	87 574	104 404	71 103	71 103	–	101 050	106 810	112 791
Other materials	8	–	–	–	1 600	1 522	1 522	–	1 145	1 210	1 278
Contracted services		6 917	4 491	8 734	28 408	28 408	28 408	–	13 655	14 434	15 242
Transfers and subsidies		22 246	30 808	48 997	50 515	50 515	50 515	–	3 376	3 575	3 783
Other expenditure	4, 5	60 457	82 472	124 140	115 272	94 832	94 832	–	128 206	139 082	146 871
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>337 939</b>	<b>389 251</b>	<b>437 920</b>	<b>486 191</b>	<b>422 210</b>	<b>422 210</b>	<b>–</b>	<b>474 948</b>	<b>505 595</b>	<b>533 915</b>
<b>Surplus/(Deficit)</b>		<b>(40 251)</b>	<b>(37 442)</b>	<b>2 133</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>–</b>	<b>(42 731)</b>	<b>(51 384)</b>	<b>(54 268)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		55 750	28 979	–	–	–	–	–	23 526	79 801	68 267
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	–	–	–	–	–	–	–	214 877	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>15 499</b>	<b>(8 463)</b>	<b>2 133</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>–</b>	<b>195 672</b>	<b>28 417</b>	<b>13 999</b>
Taxation		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>		<b>15 499</b>	<b>(8 463)</b>	<b>2 133</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>–</b>	<b>195 672</b>	<b>28 417</b>	<b>13 999</b>
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>		<b>15 499</b>	<b>(8 463)</b>	<b>2 133</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>–</b>	<b>195 672</b>	<b>28 417</b>	<b>13 999</b>
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>		<b>15 499</b>	<b>(8 463)</b>	<b>2 133</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>–</b>	<b>195 672</b>	<b>28 417</b>	<b>13 999</b>

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC104 Makana - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure, to be appropriated</b>	2										
Vote 1 - Technical & Infrastructure		-	-	-	89 671	14 267	14 267	-	180 621	-	-
Vote 2 - Corporate Services		-	-	-	6 350	-	-	-	750	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services		-	-	-	17 878	19 250	19 250	-	3 942	-	-
Vote 5 - Executive Mayor		-	-	-	-	-	-	-	-	-	-
Vote 6 - Speakers Office		-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 8 - Local Economic Development		-	-	-	-	-	-	-	600	-	-
Vote 9 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		-	-	-	9 079	7 712	7 712	-	8 085	-	-
Vote 11 - Water		-	-	-	47 065	1 939	1 939	-	44 405	-	-
Vote 12 - Dog Tax		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	<b>170 043</b>	<b>43 168</b>	<b>43 168</b>	-	<b>238 403</b>	-	-
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>5 302</b>	<b>2 461</b>	<b>1 150</b>	<b>6 350</b>	<b>1 644</b>	<b>1 644</b>	-	<b>750</b>	-	-
Executive and council		673	327	-	-	-	-	-	-	-	-
Finance and administration		1 161	568	-	-	-	-	-	750	-	-
Internal audit		3 468	1 566	1 150	6 350	1 644	1 644	-	-	-	-
<b>Community and public safety</b>		<b>18 609</b>	<b>3 673</b>	<b>1 300</b>	<b>17 878</b>	<b>20 334</b>	<b>20 334</b>	-	<b>3 942</b>	-	-
Community and social services		3 100	67	996	1 084	1 084	1 084	-	3 942	-	-
Sport and recreation		14 138	3 393	304	16 794	19 251	19 251	-	-	-	-
Public safety		935	213	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		436	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>8 722</b>	<b>11 945</b>	<b>1 201</b>	<b>1 252</b>	<b>12 860</b>	<b>12 860</b>	-	<b>6 309</b>	-	-
Planning and development		3 359	3 720	-	-	-	-	-	600	-	-
Road transport		4 917	8 224	1 201	1 252	12 860	12 860	-	5 709	-	-
Environmental protection		445	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>20 952</b>	<b>22 654</b>	<b>59 291</b>	<b>144 563</b>	<b>8 331</b>	<b>8 331</b>	-	<b>226 902</b>	<b>55 110</b>	<b>42 348</b>
Energy sources		1 129	2 953	5 114	9 079	5 079	5 079	-	8 085	4 110	4 348
Water management		1 897	15 442	26 000	47 065	2 160	2 160	-	44 405	25 000	15 000
Waste water management		17 926	4 236	28 177	88 419	1 092	1 092	-	174 412	26 000	23 000
Waste management		-	24	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>529</b>	<b>558</b>
<b>Total Capital Expenditure - Functional</b>	3	<b>53 585</b>	<b>40 733</b>	<b>62 942</b>	<b>170 043</b>	<b>43 168</b>	<b>43 168</b>	-	<b>238 403</b>	<b>55 639</b>	<b>42 906</b>
<b>Funded by:</b>											
National Government		29 643	21 784	56 940	159 140	42 085	42 085	-	80 474	55 110	42 348
Provincial Government		-	-	996	1 084	1 084	1 084	-	567	599	633
District Municipality		-	67	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	9 820	0	0	-	148 762	-	-
<b>Transfers recognised - capital</b>	4	<b>29 643</b>	<b>21 852</b>	<b>57 936</b>	<b>170 043</b>	<b>43 168</b>	<b>43 168</b>	-	<b>229 803</b>	<b>55 709</b>	<b>42 981</b>
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	849	6 835	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		23 094	12 047	5 056	-	-	-	-	8 600	-	-
<b>Total Capital Funding</b>	7	<b>53 585</b>	<b>40 733</b>	<b>62 992</b>	<b>170 043</b>	<b>43 168</b>	<b>43 168</b>	-	<b>238 403</b>	<b>55 709</b>	<b>42 981</b>

### Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

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

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



**Table 10 MBRR Table A6 - Budgeted Financial Position**

EC104 Makana - Table A6 Budgeted Financial Position											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		5	6 040	6 921	7 533	7 533	7 533		5 179	5 474	5 781
Call investment deposits	1	2 024	12 139	6 344	12 940	12 940	12 940	–	12 679	13 402	14 152
Consumer debtors	1	129 572	174 750	353 302	189 260	189 260	189 260	–	225 176	238 011	251 340
Other debtors		38 490	49 106	30 124	52 347	52 347	52 347		35 760	37 799	39 916
Current portion of long-term receivables		150	28	–	30	30	30		–	–	–
Inventory	2	13 122	15 542	9 671	16 568	16 568	16 568		8 600	9 092	9 600
<b>Total current assets</b>		<b>183 364</b>	<b>257 605</b>	<b>406 362</b>	<b>278 677</b>	<b>278 677</b>	<b>278 677</b>	–	<b>287 395</b>	<b>303 778</b>	<b>320 789</b>
<b>Non current assets</b>											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		161	142	7 186	–	–	–	–	–	–	–
Investment property		201 302	190 234	–	–	–	–	–	184 500	195 017	205 937
Investment in Associate		–	–	–	151	151	151	–	–	–	–
Property, plant and equipment	3	805 947	852 542	661 804	908 810	908 810	908 810	–	709 088	749 506	791 478
Agricultural		28 931	–	–	–	–	–	–	–	–	–
Biological		–	29 008	–	–	–	–	–	–	–	–
Intangible		948	707	2 300	12 000	12 000	12 000	–	33 365	35 267	37 242
Other non-current assets		–	–	29 166	–	–	–	–	653	690	728
<b>Total non current assets</b>		<b>1 037 290</b>	<b>1 072 632</b>	<b>700 456</b>	<b>920 961</b>	<b>920 961</b>	<b>920 961</b>	–	<b>927 605</b>	<b>980 479</b>	<b>1 035 386</b>
<b>TOTAL ASSETS</b>		<b>1 220 654</b>	<b>1 330 236</b>	<b>1 106 818</b>	<b>1 199 638</b>	<b>1 199 638</b>	<b>1 199 638</b>	–	<b>1 215 000</b>	<b>1 284 257</b>	<b>1 356 174</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	15 467	–	–	–	–	–	–	–	–	–
Borrowing	4	4 010	4 128	2 500	4 400	4 400	4 400	–	3 500	3 700	3 907
Consumer deposits		2 298	2 321	2 451	2 474	2 474	2 474	–	–	3 000	3 168
Trade and other payables	4	103 825	227 802	102 863	263 776	263 776	263 776	–	141 137	149 181	157 535
Provisions		9 713	2 728	4 118	10 354	10 354	10 354	–	30 000	31 710	33 486
<b>Total current liabilities</b>		<b>135 312</b>	<b>236 979</b>	<b>111 932</b>	<b>281 005</b>	<b>281 005</b>	<b>281 005</b>	–	<b>174 637</b>	<b>187 591</b>	<b>198 096</b>
<b>Non current liabilities</b>											
Borrowing		50 117	50 940	–	–	–	–	–	69 500	73 462	77 575
Provisions		41 104	65 562	2 145	49 307	49 307	49 307	–	10 900	11 521	12 166
<b>Total non current liabilities</b>		<b>91 221</b>	<b>116 502</b>	<b>2 145</b>	<b>49 307</b>	<b>49 307</b>	<b>49 307</b>	–	<b>80 400</b>	<b>84 983</b>	<b>89 742</b>
<b>TOTAL LIABILITIES</b>		<b>226 533</b>	<b>353 481</b>	<b>114 077</b>	<b>330 312</b>	<b>330 312</b>	<b>330 312</b>	–	<b>255 037</b>	<b>272 574</b>	<b>287 838</b>
<b>NET ASSETS</b>	5	<b>994 122</b>	<b>976 755</b>	<b>992 741</b>	<b>869 327</b>	<b>869 327</b>	<b>869 327</b>	–	<b>959 963</b>	<b>1 011 683</b>	<b>1 068 337</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		988 694	971 308	986 785	863 578	863 578	863 578	–	969 963	1 025 251	1 082 665
Reserves	4	5 428	5 447	5 428	5 749	5 749	5 749	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>994 122</b>	<b>976 755</b>	<b>992 213</b>	<b>869 327</b>	<b>869 327</b>	<b>869 327</b>	–	<b>969 963</b>	<b>1 025 251</b>	<b>1 082 665</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability 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.

3. Table A6 is supported by an extensive table of notes (SA3)

- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and
- Reserves

4. 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.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt.

These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

- Table A6 is consistent with international standards of good financial management practice, and improves understanding for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- 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.

**Table 11 MBRR Table A7 - Budgeted Cash Flow Statement**

EC104 Makana - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		46 153	53 827	40 518	57 240	57 240	57 240	57 240	66 187	69 960	73 878
Service charges		161 564	196 610	206 731	226 079	226 079	226 079	226 079	218 240	231 116	244 521
Other revenue		17 839	12 130	757	21 000	21 000	21 000	21 000	24 591	26 042	27 552
Government - operating	1	115 733	110 611	84 920	89 475	89 475	89 475	89 475	98 859	104 692	110 764
Government - capital	1	-	-	1 801	173 043	43 168	43 168	43 168	26 546	28 112	29 743
Interest		385	-	7 393	12 100	15 100	15 100	15 100	13 000	13 767	14 565
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(344 246)	(300 798)	(259 776)	(351 972)	(351 972)	(351 972)	(351 972)	(401 806)	(425 513)	(450 192)
Finance charges		(6 337)	(16 455)	(1 713)	(5 000)	(5 000)	(5 000)	(5 000)	(5 718)	(6 055)	(6 407)
Transfers and Grants	1	-	-	(75 589)	(37 901)	(37 901)	(37 901)	(37 901)	(3 376)	(3 575)	(3 783)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(8 908)</b>	<b>55 925</b>	<b>5 042</b>	<b>184 063</b>	<b>57 189</b>	<b>57 189</b>	<b>57 189</b>	<b>36 523</b>	<b>38 546</b>	<b>40 642</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		(116)	1 860	-	-	-	-	-	500	530	560
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	20	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(53 585)	(40 733)	(6 857)	(173 043)	(43 168)	(43 168)	(43 168)	(26 536)	(28 049)	(29 619)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(53 701)</b>	<b>(38 853)</b>	<b>(6 857)</b>	<b>(173 043)</b>	<b>(43 168)</b>	<b>(43 168)</b>	<b>(43 168)</b>	<b>(26 036)</b>	<b>(27 519)</b>	<b>(29 059)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		30 770	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		-	1 063	-	(5 500)	(4 000)	(4 000)	(4 000)	(6 600)	(6 976)	(7 367)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>30 770</b>	<b>1 063</b>	<b>-</b>	<b>(5 500)</b>	<b>(4 000)</b>	<b>(4 000)</b>	<b>(4 000)</b>	<b>(6 600)</b>	<b>(6 976)</b>	<b>(7 367)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(31 839)</b>	<b>18 135</b>	<b>(1 815)</b>	<b>5 520</b>	<b>10 020</b>	<b>10 020</b>	<b>10 020</b>	<b>3 887</b>	<b>4 051</b>	<b>4 216</b>
Cash/cash equivalents at the year begin:	2	9 833	(13 437)	6 920	2 609	2 609	2 609	2 609	5 179	9 067	13 117
Cash/cash equivalents at the year end:	2	(22 006)	4 698	5 105	8 129	12 629	12 629	12 629	9 067	13 117	17 333

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

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.
3. It can be seen that the cash levels of the Municipality is gradually improving as compared with the past years.

4. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R 9 million as at the end of the 2017/18 financial year and increase to R 13,1 million by 2018/19.

### Table 12 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC104 Makana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	(22 006)	4 698	5 105	8 129	12 629	12 629	12 629	9 067	13 117	17 333
Other current investments > 90 days		8 570	13 480	8 160	12 343	7 843	7 843	(12 629)	8 792	5 759	2 600
Non current assets - Investments	1	161	142	7 186	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>(13 275)</b>	<b>18 320</b>	<b>20 451</b>	<b>20 473</b>	<b>20 473</b>	<b>20 473</b>	<b>-</b>	<b>17 858</b>	<b>18 876</b>	<b>19 933</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	14 863	6 920	6 920	6 920	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	(64 764)	(64 764)	(64 764)	-	95 200	100 627	106 262
Other working capital requirements	3	(63 255)	(327)	(128 092)	70 334	34 194	34 194	-	(128 116)	(135 898)	(144 016)
Other provisions		-	-	4 852	-	-	-	-	8 750	9 249	9 767
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	6 920	-	5 749	5 749	-	5 500	5 814	6 139
<b>Total Application of cash and investments:</b>		<b>(63 255)</b>	<b>(327)</b>	<b>(101 457)</b>	<b>12 490</b>	<b>(17 901)</b>	<b>(17 901)</b>	<b>-</b>	<b>(18 666)</b>	<b>(20 209)</b>	<b>(21 848)</b>
<b>Surplus(shortfall)</b>		<b>49 980</b>	<b>18 647</b>	<b>121 908</b>	<b>7 983</b>	<b>38 374</b>	<b>38 374</b>	<b>-</b>	<b>36 524</b>	<b>39 085</b>	<b>41 781</b>

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

**Table 13 MBRR Table A9 – Asset Management**

EC104 Makana - Table A9 Asset Management										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CAPITAL EXPENDITURE</b>										
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation</b>	7	36 729	33 599	31 502	31 639	31 639	31 639	-	-	-
<b>Repairs and Maintenance by Asset Class</b>	3	12 777	10 136	23 657	-	-	-	89 000	30 110	27 348
<i>Roads Infrastructure</i>		-	-	-	-	-	-	5 709	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	13 085	4 110	4 348
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	28 461	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	14 012	26 000	23 000
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	27 733	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	89 000	30 110	27 348
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		12 777	10 136	23 657	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		12 777	10 136	23 657	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		49 506	43 735	55 159	31 639	31 639	31 639	89 000	30 110	27 348
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	94.4%	100.0%	100.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&amp;M as a % of PPE</i>		1.6%	1.2%	3.6%	0.0%	0.0%	0.0%	12.6%	4.0%	3.5%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>		1.0%	1.0%	19.0%	0.0%	0.0%	0.0%	102.0%	147.0%	154.0%

**Table 14 MBRR Table A10 - Basic Service Delivery Measurement**

EC104 Makana - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	37 500	37 500	37 500	40 000	450 000	50 000
Piped water inside yard (but not in dwelling)		-	-	-	650	650	650	700 000	73 000	75 000
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>					38 150	38 150	38 150	740 000	523 000	125 000
Using public tap (< min.service level)	3	-	-	-	25 000	250 000	25 000	150 000	14 000	13 000
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					25 000	250 000	25 000	150 000	14 000	13 000
<b>Total number of households</b>	5	-	-	-	63 150	288 150	63 150	890 000	537 000	138 000
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	1 000	1 000	1 000	1 500	1 500	1 500
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>					1 000	1 000	1 000	1 500	1 500	1 500
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	1 000	1 000	1 000	1 500	1 500	1 500
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>					-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		-	-	-	25 000	25 000	25 000	26 000	26 500	27 000
<i>Minimum Service Level and Above sub-total</i>					25 000	25 000	25 000	26 000	26 500	27 000
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	2	2	2	2	2	2
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					2	2	2	2	2	2
<b>Total number of households</b>	5	-	-	-	25 002	25 002	25 002	26 002	26 502	27 002
<b>Households receiving Free Basic Service</b>	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)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	7	7	7	8 445	8 944	9 462
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	7 671	8 124	8 595
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	8 233	8 718	9 224
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	6 543	6 929	7 331
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>					7	7	7	30 892	32 715	34 612
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)					4 034	4 034	4 034	5 000	5 000	5 000
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	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								2 108	2 228	2 353
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										
<b>Total revenue cost of subsidised services provided</b>	6							2 108	2 228	2 353

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make progress with the eradication of backlogs.
3. The budget provides for a universal approach to the provision of free subsidised services to both indigent and poor households for the 2017/18 MTREF.
4. The cost of free basic services amounts to R 33 million. This implies that the values reflected as Free Basic Services and the revenue cost are in reality much higher should one include the cross-subsidisation that takes place within the lower end of the tariffs. In addition, the municipality continues to make progress in addressing service delivery backlogs.

## 1.8. Annual Supporting Budget Tables

### Table 15 MBRR Table SA3 – Supporting detail to Budgeted Financial Position

EC104 Makana - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>				6 344	-				5 179	5 474	5 781
Call deposits				-	12 940	12 940	12 940		7 500	7 928	8 371
Other current investments	2	2 024	12 139	6 344	12 940	12 940	12 940	-	12 679	13 402	14 152
<b>Total Call investment deposits</b>	2	2 024	12 139	6 344	12 940	12 940	12 940	-	12 679	13 402	14 152
<b>Consumer debtors</b>				364 604	309 386	309 386	309 386		300 176	317 286	335 054
Consumer debtors		219 682	287 439	364 604	309 386	309 386	309 386		300 176	317 286	335 054
Less: Provision for debt impairment		(90 109)	(112 688)	(11 302)	(120 126)	(120 126)	(120 126)		(75 000)	(79 275)	(83 714)
<b>Total Consumer debtors</b>	2	129 572	174 750	353 302	189 260	189 260	189 260	-	225 176	238 011	251 340
<b>Debt impairment provision</b>				(17 137)	-	-	-		-	-	-
Balance at the beginning of the year				(17 137)	-	-	-		-	-	-
Contributions to the provision				5 835	-	-	-		-	-	-
Bad debts written off				-	-	-	-		-	-	-
<b>Balance at end of year</b>		-	-	(11 302)	-	-	-	-	-	-	-
<b>Property, plant and equipment (PPE)</b>				857 458	1 141 441	1 141 441	1 141 441		889 750	940 466	993 132
PPE at cost/valuation (excl. finance leases)		992 462	1 070 770	857 458	1 141 441	1 141 441	1 141 441		889 750	940 466	993 132
Leases recognised as PPE	3			-	-	-	-		-	-	-
Less: Accumulated depreciation		186 515	218 228	195 654	232 631	232 631	232 631		180 662	190 960	201 653
<b>Total Property, plant and equipment (PPE)</b>	2	805 947	852 542	661 804	908 810	908 810	908 810	-	709 088	749 506	791 478
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>				2 500	4 400	4 400	4 400		3 500	3 700	3 907
Short term loans (other than bank overdraft)				2 500	4 400	4 400	4 400		3 500	3 700	3 907
Current portion of long-term liabilities		4 010	4 128	2 500	4 400	4 400	4 400		3 500	3 700	3 907
<b>Total Current liabilities - Borrowing</b>		4 010	4 128	2 500	4 400	4 400	4 400	-	3 500	3 700	3 907
<b>Trade and other payables</b>				88 000	256 856	256 856	256 856		141 137	149 181	157 535
Trade and other creditors		103 825	227 802	88 000	256 856	256 856	256 856		141 137	149 181	157 535
Unspent conditional transfers				14 863	6 920	6 920	6 920		-	-	-
VAT				-	-	-	-		-	-	-
<b>Total Trade and other payables</b>	2	103 825	227 802	102 863	263 776	263 776	263 776	-	141 137	149 181	157 535
<b>Non current liabilities - Borrowing</b>				-	-	-	-		60 000	63 420	66 972
Borrowing	4	50 117	50 940	-	-	-	-		60 000	63 420	66 972
Finance leases (including PPP asset element)				-	-	-	-		9 500	10 042	10 604
<b>Total Non current liabilities - Borrowing</b>		50 117	50 940	-	-	-	-	-	69 500	73 462	77 575
<b>Provisions - non-current</b>				2 145	49 307	49 307	49 307		5 200	5 496	5 804
Retirement benefits		41 104	65 562	2 145	49 307	49 307	49 307		5 200	5 496	5 804
List other major provision items											
Refuse landfill site rehabilitation									-	-	-
Other									5 700	6 025	6 362
<b>Total Provisions - non-current</b>		41 104	65 562	2 145	49 307	49 307	49 307	-	10 900	11 521	12 166
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>				945 139	-	-	-		850 520	899 000	949 344
Accumulated Surplus/(Deficit) - opening balance		1 076 100	945 139	945 139	-	-	-		850 520	899 000	949 344
GRAP adjustments									-	-	-
Restated balance		1 076 100	945 139	945 139	-	-	-		850 520	899 000	949 344
Surplus/(Deficit)		15 499	(8 463)	2 133	(8)	(8)	(8)		164 788	(4 289)	(20 605)
Appropriations to Reserves									-	-	-
Transfers from Reserves									-	-	-
Depreciation offsets		14 186	14 186	14 186					-	-	-
Other adjustments									-	-	-
<b>Accumulated Surplus/(Deficit)</b>	1	1 105 785	950 862	961 458	(8)	(8)	(8)	-	1 015 308	894 710	928 739
<b>Reserves</b>				5 428	5 749	5 749	5 749		-	-	-
Housing Development Fund									-	-	-
Capital replacement									-	-	-
Self-insurance									-	-	-
Other reserves		5 428	5 447	5 428	5 749	5 749	5 749		-	-	-
Revaluation									-	-	-
<b>Total Reserves</b>	2	5 428	5 447	5 428	5 749	5 749	5 749	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	1 111 212	956 309	966 886	5 741	5 741	5 741	-	1 015 308	894 710	928 739

**Table 16 MBRR Supporting Table SA8 – Performance Indicators & Benchmark**

EC104 Makana - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Borrowing Management</b>											
Credit Rating		0	0	0	0	0	0	0			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.9%	4.0%	0.1%	1.1%	3.2%	3.2%	0.0%	2.8%	2.8%	2.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.7%	5.7%	0.1%	1.4%	4.1%	4.1%	0.0%	4.4%	4.4%	4.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	-103.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	923.4%	935.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	1.4	1.1	3.6	1.0	1.0	1.0	-	1.6	1.6	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.1	3.6	1.0	1.0	1.0	-	1.6	1.6	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.1	0.1	0.1	0.1	0.1	-	0.1	0.1	0.1
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	100.0%	77.1%	76.2%	92.0%	92.0%	0.0%	110.6%	110.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			100.0%	100.0%	77.1%	76.2%	92.0%	92.0%	0.0%	110.6%	110.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	56.5%	63.6%	87.1%	49.7%	57.2%	57.2%	0.0%	65.0%	65.4%	65.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									-	-
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))									-	-
Creditors to Cash and Investments		-471.8%	4848.8%	1723.8%	3159.6%	2033.8%	2033.8%	0.0%	1556.7%	1137.3%	908.9%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)									-	-
	Total Cost of Losses (Rand '000)									-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated									-	-
Water Distribution Losses (2)	Total Volume Losses (kℓ)									-	-
	Total Cost of Losses (Rand '000)									-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated									-	-
Employee costs	Employee costs/(Total Revenue - capital revenue)	43.6%	36.9%	28.8%	29.7%	29.4%	29.4%	0.0%	41.8%	42.1%	42.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	30.0%	31.0%	36.9%	36.1%		44.4%	44.7%	44.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.3%	2.9%	5.4%	0.0%	0.0%	0.0%		22.2%	7.1%	6.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.5%	14.2%	7.3%	6.5%	9.8%	9.8%	0.0%	10.4%	10.5%	10.5%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	(223.6)	36.5	25.0	20.7	20.7	20.7	-	14.6	14.5	15.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	80.7%	89.0%	119.5%	64.8%	78.3%	78.3%	0.0%	100.9%	100.9%	101.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(1.0)	0.2	0.2	0.3	0.5	0.5	(37.9)	0.3	0.4	0.5



**Table 17 MBRR Supporting Table SA10 – Funding Measurement**

**EC104 Makana Supporting Table SA10 Funding measurement**

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(22 006)	4 698	5 105	8 129	12 629	12 629	12 629	9 067	13 117	17 333
Cash + investments at the yr end less applications - R'000	18(1)b	2	49 980	18 647	121 908	7 983	38 374	38 374	–	36 524	39 085	41 781
Cash year end/monthly employee/supplier payments	18(1)b	3	(1.0)	0.2	0.2	0.3	0.5	0.5	(37.9)	0.3	0.4	0.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	29 685	5 723	16 319	(8)	(8)	(8)	–	164 788	(4 289)	(20 605)
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	14.6%	22.1%	9.9%	(23.2%)	(6.0%)	(106.0%)	(22.5%)	(0.3%)	(0.4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	99.4%	101.9%	56.4%	77.2%	92.2%	92.2%	0.0%	103.2%	103.4%	103.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	2.9%	2.9%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	101.8%	100.0%	100.0%	0.0%	11.1%	0.0%	0.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	(103.8%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	33.1%	71.3%	(37.0%)	0.0%	0.0%	(100.0%)	8.0%	5.7%	5.6%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.6%	1.2%	3.6%	0.0%	0.0%	0.0%	0.0%	12.6%	4.0%	3.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	59.1%	0.0%	0.0%
<b>Total Operating Revenue</b>			297 687	351 809	440 053	486 184	422 203	422 203	–	432 216	454 211	479 647
<b>Total Operating Expenditure</b>			337 939	389 251	437 920	486 191	422 210	422 210	–	474 948	505 595	533 915
<b>Operating Performance Surplus/(Deficit)</b>			(40 251)	(37 442)	2 133	(8)	(8)	(8)	–	(42 731)	(51 384)	(54 268)
<b>Cash and Cash Equivalents (30 June 2012)</b>										9 067		
<b>Revenue</b>												
% Increase in Total Operating Revenue				18.2%	25.1%	10.5%	(13.2%)	0.0%	(100.0%)	2.4%	5.1%	5.6%
% Increase in Property Rates Revenue				16.6%	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	(1.7%)	5.7%	5.6%
% Increase in Electricity Revenue				0.8%	97.9%	(0.0%)	(32.1%)	0.0%	(100.0%)	(8.6%)	5.7%	5.6%
% Increase in Property Rates & Services Charges				20.6%	28.1%	15.9%	(17.2%)	0.0%	(100.0%)	(16.5%)	5.7%	5.6%
<b>Expenditure</b>												
% Increase in Total Operating Expenditure				15.2%	12.5%	11.0%	(13.2%)	0.0%	(100.0%)	12.5%	6.5%	5.6%
% Increase in Employee Costs				0.1%	(2.4%)	14.1%	(14.3%)	0.0%	(100.0%)	35.3%	5.7%	5.6%
% Increase in Electricity Bulk Purchases				18.2%	7.9%	16.7%	(33.3%)	0.0%	(100.0%)	42.7%	5.7%	5.6%
Average Cost Per Budgeted Employee Position (Remuneration)					109286.7155	188076.9415				239035.3533		
Average Cost Per Councillor (Remuneration)					0	0				0		
R&M % of PPE				1.6%	1.2%	3.6%	0.0%	0.0%	0.0%	12.6%	4.0%	3.5%
Asset Renewal and R&M as a % of PPE				1.0%	1.0%	19.0%	0.0%	0.0%	0.0%	102.0%	147.0%	154.0%
Debt Impairment % of Total Billable Revenue				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	2.9%	2.9%
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)			23 094	12 047	5 056	–	–	–	–	8 600	–	–
Borrowing (R'000)			849	6 835	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)			29 643	21 852	57 936	170 043	43 168	43 168	–	229 803	55 709	42 981
Internally Generated funds % of Non Grant Funding			96.5%	63.8%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			3.5%	36.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			55.3%	53.6%	92.0%	100.0%	100.0%	100.0%	0.0%	96.4%	100.0%	100.0%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)			53 585	40 733	62 942	170 043	43 168	43 168	–	238 403	55 639	42 906
Asset Renewal			–	–	–	–	–	–	–	140 986	51 000	38 000
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	59.1%	91.5%	88.4%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other			99.4%	101.9%	56.4%	77.2%	92.2%	92.2%	0.0%	93.5%	93.7%	93.9%
Cash Coverage Ratio			(0)	0	0	0	0	0	(0)	0	0	0
<b>Borrowing</b>												
Credit Rating (2009/10)										0		
Capital Charges to Operating			1.9%	4.0%	0.1%	1.1%	3.2%	3.2%	0.0%	2.8%	2.8%	2.8%
Borrowing Receipts % of Capital Expenditure			(103.8%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>												
Surplus/(Deficit)			49 980	18 647	121 908	7 983	38 374	38 374	–	11 352	12 429	13 580
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	38.8%	38.2%	38.1%
Free Services as a % of Operating Revenue (ex cl operational transfers)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%	0.6%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			297 687	351 809	440 053	486 184	422 203	422 203	–	432 216	454 211	479 647
Total Operating Expenditure			337 939	389 251	437 920	486 191	422 210	422 210	–	474 948	505 595	533 915
Surplus/(Deficit) Budgeted Operating Statement			(40 251)	(37 442)	2 133	(8)	(8)	(8)	–	(42 731)	(51 384)	(54 268)
Surplus/(Deficit) Considering Reserves and Cash Backing			49 980	18 647	121 908	7 983	38 374	38 374	–	11 352	12 429	13 580
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✖		15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

**Table 18 MBRR Table SA18 – Transfers & Grants Receipts**
**EC104 Makana - Supporting Table SA18 Transfers and grant receipts**

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	76 364	80 559	77 632	77 632	77 632	83 952	89 991	94 775
Local Government Equitable Share			72 184	75 767	73 008	73 008	73 008	79 569	85 530	90 751
EPWP Incentive			1 007	1 002	1 000	1 000	1 000	1 000	-	-
Finance Management			1 909	1 675	1 810	1 810	1 810	2 145	2 400	2 660
Municipal Systems Improvement				930	-	-	-	-	761	-
MIG Operational			1 264	1 185	1 814	1 814	1 814	1 238	1 300	1 364
<b>Provincial Government:</b>		-	2 435	2 581	2 901	2 901	2 901	4 000	-	-
Sport and Recreation			2 435	2 581	2 901	2 901	2 901	4 000	-	-
MIG Operational								-	-	-
<b>District Municipality:</b>		-	1 409	1 500	1 917	1 917	1 917	2 627	-	-
Health Subsidy			1 409	1 500	1 917	1 917	1 917	1 600	-	-
Fire Subsidy								1 027	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	5 530	-	-
Water Demand Management								5 000	-	-
SETA Subsidy								530	-	-
<b>Total Operating Transfers and Grants</b>	5	-	80 208	84 639	82 450	82 450	82 450	96 109	89 991	94 775
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		30 098	45 865	48 510	120 474	120 474	120 474	89 236	79 801	68 267
Municipal Infrastructure Grant (MIG)		30 098	35 865	22 510	34 474	34 474	34 474	23 526	24 691	25 919
Regional Bulk Infrastructure			10 000	26 000	86 000	86 000	86 000	51 000	51 000	38 000
Municipal Infrastructure Grant (MIG)								-	-	-
INEP & NDPG & Water								14 710	4 110	4 348
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]								-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Health Subsidy								-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	140 000	-	-
Water Demand Management								140 000	-	-
ECDC								-	-	-
<b>Total Capital Transfers and Grants</b>	5	30 098	45 865	48 510	120 474	120 474	120 474	229 236	79 801	68 267
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		30 098	126 073	133 149	202 924	202 924	202 924	325 345	169 791	163 042

**Table 16 MBRR Table SA19 – Expenditure on Transfer and Grant Programme**

EC104 Makana - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	76 364	80 559	77 632	77 632	77 632	83 952	89 991	94 775
Local Government Equitable Share			72 184	75 767	73 008	73 008	73 008	79 569	85 530	90 751
EPWP Incentive			1 007	1 002	1 000	1 000	1 000	1 000	-	-
Finance Management			1 909	1 675	1 810	1 810	1 810	2 145	2 400	2 660
Municipal Systems Improvement				930	-	-	-	-	761	-
<b>MIG Operational</b>			1 264	1 185	1 814	1 814	1 814	1 238	1 300	1 364
<b>Provincial Government:</b>		-	2 435	2 581	2 901	2 901	2 901	4 000	-	-
Sport and Recreation			2 435	2 581	2 901	2 901	2 901	4 000	-	-
<b>MIG Operational</b>										
<b>District Municipality:</b>		-	1 409	1 500	1 917	1 917	1 917	2 627	-	-
Health Subsidy			1 409	1 500	1 917	1 917	1 917	1 600	-	-
Fire Subsidy								1 027	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	5 530	-	-
Water Demand Management								5 000	-	-
SETA Subsidy								530	-	-
<b>Total operating expenditure of Transfers and Grants</b>		-	80 208	84 639	82 450	82 450	82 450	96 109	89 991	94 775
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		30 098	45 865	48 510	120 474	120 474	120 474	89 236	79 801	68 267
Municipal Infrastructure Grant (MIG)		30 098	35 865	22 510	34 474	34 474	34 474	23 526	24 691	25 919
Regional Bulk Infrastructure			10 000	26 000	86 000	86 000	86 000	51 000	51 000	38 000
Municipal Infrastructure Grant (MIG)										
<b>INEP &amp; NDPG &amp; Water</b>								14 710	4 110	4 348
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]								-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Health Subsidy								-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	140 000	-	-
Water Demand Management								140 000	-	-
ECDC										
<b>Total capital expenditure of Transfers and Grants</b>		30 098	45 865	48 510	120 474	120 474	120 474	229 236	79 801	68 267
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		30 098	126 073	133 149	202 924	202 924	202 924	325 345	169 791	163 042

## PART 2- SUPPORTING DOCUMENTATION

### 2.1 Overview of the 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.

The Budget Steering Committee consists of the Mayor, Mayco, Municipal Manager and senior officials of the municipality meet budget.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality’s IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality’s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### 2.2 Overview of Budget Assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. This budget is premised on a 90 per cent collection rate.

#### General inflation outlook and its impact on the municipal activities

The revised headline CPI forecasts from National Treasury for 2017/18, 2018/19 and 2019/20 are 6.4%, 5.7% and 5.6% respectively. These growth parameters does not apply to tariff increases for property rates, user and other charges raised by municipalities.

#### Rates, tariffs and charges

The following table shows the assumed average domestic percentage increases built into the MTREF for rates, tariffs and charges:

Tariffs	Proposed tariff increases (2017/18)
Rates	6.4%
Water	6.4%
Electricity Monthly consumption	1.88%
Sewerage	6.4%
Refuse	6.4%

Sundry tariff increases will be limited, in most instances, to be within the CPI inflation rate.

### **Collection rates for each revenue source and customer type**

The Municipality has in place a revised fair credit control policy. Furthermore, its policy on indigent support and rebates means that indigent households receive free or subsidised basic services thereby keeping them free of the burden of municipal debt.

### **Free or subsidised basic services**

Makana's criteria for supporting free or subsidised basic services are set out in the indigent support and rebate policy. The Government allocates revenue from the Division of Revenue Act (DORA) in the form of the Equitable Share Grant with the primary aim of assisting with the costs of providing free or subsidised basic services to indigent households. Any costs over and above the Equitable Share allocation are met by the Municipality.

## **2.3 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.

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 IDP drives the strategic development of the Municipality. The Municipality's budget is influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

## **2.4 Performance indicators and benchmarks**

### **2.4.1 Revenue Management**

As part of the financial sustainability strategy, an aggressive revenue management framework has been continued from previous years to maintain cash inflow. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection with specific focus in the “traditional areas”.

### **2.4.2 Creditors Management**

The Municipality is still struggling to ensure that creditors are settled within the legislated 30 days of invoiced due to financial challenges.

## **2.5 Overview of budget related-policies**

The Municipality’s budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.5.1 Review of credit control and debt collection procedures/policies**

The Credit Control & Debt Collection Policy was reviewed and approved by Council in June 2016 and is still in place and very effective. The policy is credible, sustainable, and manageable and informed by affordability and value for money, hence there is no need to review any components of the policy.

The 2017/18 MTREF has been prepared on the basis of achieving an average debtor’s collection rate of 90 per cent on current billings.

### **2.5.2 Asset Management**

The consumption of assets is measured with their level of depreciation. To ensure future sustainability of the Municipality's infrastructure, service delivery and revenue base; investment in existing infrastructure is paramount. The strategy in the framework is to give more priority and emphasis on renewal of existing infrastructure. The renewal of existing assets, the need for the repairs and maintenance of existing assets is considered in the framework hence a move by the Municipality to invest more in repairs and maintenance.

The Asset Management Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

**Amendments are proposed for this policy in the 2017/18 financial year.**

### **2.5.3 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

**Amendments are proposed for this policy in the 2017/18 financial year.**

#### **2.5.4 Supply Chain Management Policy**

The amendment of the Supply Chain Management Policy was done in terms of Supply Chain Management Regulations clause 3(1) (b) and was adopted by Council on 30 June 2014.

**The SCM Policy will be reviewed in line with MFMA Circular no. 77 and will be tabled with the final budget.**

#### **2.5.5 Virement Policy**

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

**Amendments are proposed for this policy in the 2017/18 financial year**

#### **2.6.7 Tariff of Charges Policy**

The Municipality's tariff policy provides a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

**The policy is amended and approved annually with the MTREF.**

All the above policies are available on the Municipality website, as well as the following budget related policies:

- Property Rates Policy; and
- Fraud Prevention policy.