



LEPELLE-NKUMPI **LOCAL MUNICIPALITY**

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Legislative requirements : Compilation of the Annual Budget 2015/16

In terms of Section 16 of the Municipal Finance Management Act, Act of 56 of 2003, the Council must for each financial year approve an annual budget for the municipality before the start of the financial year.

In order to comply with the above subsection, the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

In section 17 it is further said that the budget must be a schedule in this prescribed format:

- a) Setting out realistically anticipated revenue for the budget year from each revenue source;
- b) Appropriating expenditure for the budget year under the different votes of the municipality;
- c) Setting out indicative revenue per revenue source and projected Expenditure by vote for the two financial years following the budget year;

- d) Setting out estimated revenue and expenditure by vote for the current year; and
- e) Actual revenue and expenditure by vote for the financial year preceding the current year.

The 2015/2016 Draft Budget has been laid out in the prescribed format outlined by the enabling act.

The MFMA section 24 further states that -:

- a) the municipal council must at least 30 days before the start of the budget year approve its annual budget;
- b) the budget must be approved together with the adoption of resolution as may be necessary –
 - i. imposing any municipal tax for the budget year;
 - ii. setting any municipal tariffs for the budget year;
 - iii. approving measurable performance objectives for revenue from each vote in the budget;
 - iv. approving any changes to the municipality 's integrated development plan; and
 - v. approving any changes to the municipality's budget – related policies.

It is therefore in accordance to the legislative requirements that the Draft Budget of 2015/16 is submitted to the Council by the Executive Committee for tabling. The Budget summary, budget documents and related resolutions are thus outlined in this document.

1. The Executive Summary

The Budget for the 2015/2016 MTREF is outlined below:

TOTAL REVENUE AND OPERATION EXPENDITURE

SCHEDULE 1	Budget Year +1			
		15/16	16/17	17/18
REVENUE BY SOURCE	Adjustment Budget R'000 E	Budget R'000	Budget R'000 F	Budget R'000 F
Operating Revenue by Source				
Property rates	25,455,703.00	26,677,576.74	28,251,553.77	29,833,640.78
Revenue Foregone	6,336,000.00	6,640,128.00	7,031,895.55	7,425,681.70
Refuse Removal(Lebowakgomo)	5,798,707.20	6,077,045.15	6,435,590.81	6,795,983.89
Traffic Revenue:Licence& Permits Agency fee 20%	1,200,000.00	1,257,600.00	1,331,798.40	1,406,379.11
Traffic Revenue: Own	1,800,000.00	1,886,400.00	1,997,697.60	2,109,568.67
Traffic Fines:	7,603,200.00	7,968,153.60	8,438,274.66	8,910,818.04
Interest on Bank Accounts	5,018,112.00	5,258,981.38	5,569,261.28	5,881,139.91
Interest on accounts in arrears	4,702,249.28	4,927,957.25	5,218,706.72	5,510,954.30
Tender Revenue				

	480,143.26	503,190.14	532,878.36	562,719.55
Accumulated Internal Funding	57,179,980.00	61,000,000.00	65,000,000.00	68,000,000.00
Other Revenue	7,411,850.66	7,897,343.24	10,481,286.49	11,068,238.53
GRANTS				
EQUITABLE SHARE	161,207,000.00	204,754,000.00	205,856,000.00	200,863,000.00
FMG GRANT	1,600,000.00	1,675,000.00	1,810,000.00	2,145,000.00
MSIG GRANT	934,000.00	930,000.00	957,000.00	1,033,000.00
MIG GRANT	63,370,756.91	52,128,000.00	54,162,000.00	57,211,000.00
EPWP Incentive Grant	1,712,000.00	1,525,000.00	-	-
Department of Energy	1,010,870.61	10,000,000.00	10,000,000.00	15,000,000.00
LED Learnership Grant	327,926.00	327,926.00		
CDM:Landfill Site	2,667,600.00	3,500,000.00	-	-
CDM: Noko Tlou Stadium	50,000.00	50,000.00		
CDM:Mamaolo Community Hall	80,000.00			
CDM: Waste Management Cleaning	260,600.00			
CDM: Intergrated Transport Plan	500,000.00			
CDM: Eradication of alien plants	500,000.00			

TOTAL GRANTS	234,220,753.52	274,889,926.00	272,785,000.00	276,252,000.00
TOTAL BUDGET	344,534,698.92	393,704,045.49	399,010,152.54	408,905,761.08

The Draft Budget indicates the following

- Total revenue including grants equals R393m, R399m and R409 for the 2015/2016, 2016/2017 and 2017/2018 financial years respectively.

The Draft budget indicates that the municipality is grant dependant as the highest contributor is income received from National Treasury for Grants and Subsidies at 69.82% for the 2015/2016 financial year.

The use of the census and the new equitable share formula resulted in an increase of the municipality's equitable share from R161.2m to R204.8m which is 78.73%

Revenue from Trading Services (property rates and refuse removal) including interest charged from overdue accounts for the 2015/2016 is at R32,9m.

Income from accumulated surplus for the 2015/2016 financial year to cater for capital expenditure amounts to R61m

- Total operating expenditure equals R285m, R285m and R300m for the 2015/2016, 2016/2017 and 2017/2018 financial years respectively.

Included in the operating expenditure budget for the 2015/2016 is provision for bad debts amounting R29.5m, and Depreciation amounting to R35.2m and Electricity projects amounting to R22.4m out of it R10m is from Integrated Electrification programme (INEP)

Categories	2015/2016	2016/2017	2017/2018
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Capital project - own funding	43 150 000	64 400 000	62 900 000
Capital Project - MIG Funded	49 486 100	51 668 200	53 496 000
Institutional Development	15 417 000	12 253 577.83	8 160 046
Draft Capital Budget	108 053 100	128 422 777.83	124 556 046

Out of the total capital budget of R108m, R128m and R124 for the 2015/2016, 2016/2017 and 2017/2018 financial years, R49.4m, R51.7m and R53.5m for the 2015/2016, 2016/2017 and 2017/2018 financial years will be funded by Municipal Infrastructure Grant (MIG), which is 45.80%, 40.23% and 42.95%, and the **following MIG funded projects are to be implemented in the 2015/2016 financial year**

LED: Development of Northern Informal Trading Stores	2,690,900.00
Tarring Of Internal Streets Zone S to Q access road	9,500,000.00
Development of Recreational Facilities (Marulaneng, Makgoba, Lekgwareng, Kapa/GaMadibana, Ngwaname)	3,575,000.00
Development of Recreational Facilities (Lekurung, Lesetsi, Marulaneng, Maralaleng)	3,575,000.00
Small Access Bridge: Madisha Ditoro	2,500,000.00
Small Access Bridges: Magatle/Mapatjakeng	2,500,000.00
Small Access Bridge: Lehlokwaneng/ Tswaing	500,000.00
Small Access Bridge: Makadikadi/ Ireland	1,500,000.00
Upgrading of Mamaolo/ Mampiki Internal Streets and stormwater (Multi-year)	12,845,200.00
Lenting Hall	4,300,000.00
Upgrading of Mathabatha Road from gravel to tar and stormwater control (Multi-year)	6,000,000.00
CAPITAL PROJECT - MIG FUNDED	49,486,100.00



Out of the total capital budget of R108m, R128m and R124 for the 2015/2016, 2016/2017 and 2017/2018 financial years, R10m, R10m and R15m for the 2015/2016, 2016/2017 and 2017/2018 financial years will be funded by Integrated Electrification programme (INEP), which is 9.250%, 7.79% and 12.04% and **the following INEP funded projects are to be implemented in the 2015/2016 financial year.**

Electrification of Magatle(200	2,527,000.00
Electrification of Madisha ditoro(250)	3,296,500.00
Electrification of Mapatjakeng (201)	2,635,000.00
Electrification of Ngwaname/ Mafefe New Stands (120)	1,541,500.00
TOTAL RETICULATION: INEP FUNDING	10,000,000.00

39.93% of the infrastructure budget is from own funding

Included in the budget (R15m) for Institutional Development are the following

Motor Vehicle	2,500,000.00
Grader & compactor truck	500,000.00
TLB	800,000.00
Trailers X 2	100,000.00
Tipper Trucks X 1	1,200,000.00
Mechanical Broom Tractor	700,000.00
Air Compressor	40,000.00
IT Facilities	1,224,000.00
Furniture	400,000.00
Buildings	2,500,000.00
Electrical Connection for Community Halls New	300,000.00
Mobile Road Safety Training Equipment	100,000.00
Lawn Mower/Tractor	300,000.00
Kitchen Appliance	3,000.00
Specialised Machinery/Vehicles	3,800,000.00
Machinery and Equipment	650,000.00
Mobile Container Storage	100,000.00
Office Equipment	100,000.00
Surveillance cameras	100,000.00
TOTAL OTHER CAPITAL	15,417,000.00



2. Budget Related Resolutions

2.1 That Council resolves that the IDP/Budget of Lepelle – Nkumpi for the financial year 2015/2016; and indicative for the two projected outer years 2016/2017 and 2017/2018 be tabled as set –out.

- a) MBRR Table A1 –Summary
- b) MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)
- c) MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)
- d) MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)
- e) MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)
- f) MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source
- g) MBRR Table A6 - Budgeted Financial Position
- h) MBRR Table A7 – Budgeted Cash Flow
- i) MBRR Table A8 – Budgeted Cash Backed Reserves
- j) MBRR Table A9 – Budgeted Asset Management
- k) MBRR Table A10 – Budgeted Service Delivery Measurement

2.2 That the Mayor recommend to Council to approve the table tariffs and charges as reflected in the proposed 2015/2016 Tariff Structure

2.3 That the Mayor recommend to Council to approve the following budget related policies be tabled with amendments.

- Supply Chain Management Policy
- Asset Management Policy
- Credit Control and Debt management Policy
- Tarrif Policy
- Budget Policy
- Virement Policy
- Cash and Investment Management Policy
- Indigent Policy
- Property Rates Policy
- Subsistence and Travelling allowance Policy
- Car allowance Policy

