

ANNUAL BUDGET OF
DR RUTH SEGOMOTSI MOMPATI DISTRICT
MUNICIPALITY



2013/14 TO 2015/2016
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

SCHEDULE A

AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF A MUNICIPALITY

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Part 1 – Annual Budget

1.1 Mayor's Report

This is a historic milestone since the dawn of our local government transformation that the public is given an opportunity to have a face-to-face interaction with the elected leadership, who will be presenting the outcome of a rigorous process of consultation and engagement which was meant to shape the growth path and plan on how development which is geared towards improving their living conditions and uplifting them from the circle of poverty and hardship.

This district, is one of the poorest in the province and the country at large. The latest Census Statistics shows that the total population of our district stands at about 463 815 people, which has steadily grown with about 7.8% between the period 1996 and 2011. The largest portion of the total population of the district is shared by Greater Taung Local Municipality (LM) which has a total 177642 people followed by Kagisano LM with about 105789 people. Both municipalities are rural in nature and were established about twenty (20) years ago with dire socio-economic conditions that need to be attended to. This means when we plan we need to do so wisely for the 125270 households in our district, to ensure that more infrastructural and social resources are directed to these areas as they have more poverty pockets and absence of basic services than the more urbanised municipalities such as Naledi, Mamusa and Lekwa-Teemane, which of course also have some rural areas that have the same need.

These latest statistics also show that about 58.39% (270822) people of this district are between the ages of 15-64, which means much effort must be directed towards improving the lives of this group. The unemployment rate stands at 35.81% which is steadily rising and much higher comparatively to the neighbouring districts of Ngaka Modiri Molema District Municipality (DM) which is 32.72% and Dr Kenneth Kaunda DM which much lower at 26.65% . This steady rise could be attributed to the slow economic growth and the decline in the absorption capacity of our economic sector as result of the declining world economy.

One critical element of the statistics is the high rate of young people that are unemployed. About 45,96% of the youth of this district are unemployed as compared to other districts such as Bojanala DM which stands at 39.08% which is the lowest in the province, followed by Dr Kaunda DM at 39.16% and Ngaka Modiri Molema DM at 44.06 which is closer to this district given the same living condition as ours. We need to embark on an aggressive drive to ensure that our recruitment and infrastructural development projects are geared towards absorbing more young people, whether on temporary or permanent basis. This means YOUTH employment should be our hymn at all levels.

2012/2013 IDP & Budget

The 2012/2013 IDP & MTREF Budget mirrors the road we have travelled from the 1st July last year to date, after we have adopted the 2012/2013 IDP and Budget in May 2012. We embarked on a treacherous path by striving to implement the priorities we set agreed upon together with the local municipalities and communities. However, I must hasten to inform you that it was not an easy road well-travelled, it was marred by untrustworthiness and uncertainty about the district municipality's role which still prevails today in our local municipalities, to the extent that

the very existence of the district municipality was questioned by all. I must categorically state that more time was spent on 'wheely dealing' than actually focusing on how best we can fast-track service delivery, because our communities are not interested in boardroom politics but on actual service delivery on the ground!

Our IDP is in many ways an expression of choices and state-wide planning. It's the prioritisation of the needs identified by communities that will have greatest impact in their lives. The limited resources available to us, only allowed us to do little within our financial and human capacity. In this first review of the five year IDP adopted last year, we have opted to venture into some bold new areas to develop our area. We call this 'the road less travelled' and we are confident that just as in Robert Frost's poem 'The Road Not Taken', sometime in the future we will confirm, just as that poem goes, 'that this has made all the difference!'

Since the adoption of our Draft IDP in March 2013, we have had a series of public engagements on the draft. My appreciation goes to those members of our communities who took time to engage with us on the draft IDP. The engagements were vigorous as they should be, supportive when appropriate, critical when necessary. We therefore tread 'the road less travelled' safe in the knowledge that we do not walk alone on this chosen path of growth for Dr Ruth S Mompoti District Municipality and its Family of Local Municipalities.

The deliverables in this IDP are in line with the mandate of our people – create jobs; reduce poverty and bring a better life for all. Many exciting projects have emerged from this IDP process, and we are confident that these will take our region forward and turn Dr Ruth S Mompoti District Municipality and its Family of Local Municipalities into a progressive and attractive place, particularly for investment opportunities. A scan at our flagship projects will reveal just how promising these projects are and how they will address each of the focus areas that we adopted in our Growth and Development Strategy and IDP.

I urge fellow residents to take time to look at the deliverables in each area of our work. Also to pay attention to the Key Performance Indicators or KPI's. Adopting this IDP also confirms the KPI's by which our performance will be measured. Performance measurement is now an integral part of the Auditor General's mandate in expressing an audit opinion on our operations. Our last audit (2011/12) has been returned as unqualified. While we are proud of this achievement, we are mindful of this but a minimum requirement of transparent, accountable local government.

The challenge of presenting an IDP that is both user friendly to the public and technical enough to convey the intricate data, is a fine balancing act. We hope this IDP is fair enough and we therefore invite all to examine its details. From the analysis, through the flagship projects to the KPI's in the last chapter, we trust we have harnessed hopes and dreams for Dr Ruth S Mompoti District Municipality and its Family of Local Municipalities in a strong working plan. The lifeblood of an IDP is public opinion. Since the IDP cycle never ceases, we hope you will never stop engaging with the ideas and revisions of this process.

Basic Services Provision

I openly admit that we have not achieved much as wished and planned. Our expenditure on the capital budget to date has had its challenges that will be outlined below, of the total capital budget of R135 806 000,00, we only spent about R42 000 000 to date, which is about 38% as compared to last financial year which was above 95%. Our Municipal Infrastructure Grant (MIG)

expenditure stand at 51% much less than that of the previous financial years where at this time of the financial year a large portion, with about 100% of the budget having been spend entirely in the 2011/2012 financial year. This was caused largely because of projects identified such as roads and landfill sites that could not be funded through the MIG Programme, these challenges have not gone unnoticed, and we assure you that our Key focus area is and will always be Service Delivery.

We have been able to deliver adequate services to our communities, and I am proud to announce that from the 2012/2013 IDP and Budget, we have been able to achieve the following:

- Provided water to 99214 households
- Provided sanitation to 107858 households
- Assisted Lekwa-Teemane LM with R8 million to pay the ESKOM electricity account
- Assisted Naledi LM with R 5,136 000,00 for Nodal Urban Regeneration Programme (NURP) – fixing of potholes and repairs of streets.
- Assisted Mamusa LM with R 2 621 000,00 for the design of the NURP
- Assisted Kagisano-Molopo LM
- Supported Naledi LM with grand-in-aid of R5 million to perform the Fire Fighting function on our behalf.
- Purchased Fire-Fighting Trucks for Lekwa-Teemane LM worth R 2 180 000,00

We have spent R250 566 679-14 to date to construct a water pipeline from Taung, and it is about 90% complete todate. Our plan is that by 2023 it will have reached the far flung corners of the district such as Stella, Morokweng, Makopong, Bray and Ganyesa and adjoining villages in those areas. These are some of our ambitious but realistic plans that have been encapsulated in the reviewed Spatial Frameworks that lay the foundation for the future development of our region, amongst others.

Today, I would like to urge our Local Municipalities to go back, peruse and utilise their Spatial Development Frameworks and develop their Land Use Management Plans as their basis for planning. Remember, we have used a lot of money to develop those plans hence we must use them to guide us when we develop our institutional plans. The possibility of a strong regional economy on all municipalities is our greatest weapon in the fight against poverty and unemployment. As 2020 draws closer, our 2013 Spatial Development Frameworks will deliver some exciting precinct developments that will be a catalyst for urban renewal and investment in the area.

Auditor-General Opinion

I must mentioned that the we have recently received an Unqualified Audit Opinion on the 2009/2010, 2010/2011 & 2011/2012 financial years after the Annual Financial Statements were finally audited after being delayed by issues emanating to compliance with GRAP 17. The audit plan is currently being discussed to resolve matters of emphasis as reported by the Auditor-General. We are now on track with the submission of the Annual Reports for those financials and envisage that the MPAC's oversight process shall kick in after the reports have been tabled in Council in June 2013.

I must also mention that in this current year, we have filled critical vacant positions of the Municipal Manager and Section 56 Managers, i.e. Engineering, Corporate Services, Economic Development, Tourism & Agriculture, the other three namely, Executive Support, Chief Audit

Executive and Community Services have been advertised and will be filled before the end of the financial year.

The Bursary Fund

The doors of learning have been opened for over a thousand learners from no-fee paying schools in South Africa. Even though government was making strides, there still was a greater need for impoverished communities in the province. The Dr Ruth S Mompoti District Municipality, North West & National Governments have resolved to work close with the young beautiful minds that show a potential of achieving in spite of odds stacked against them. What this means is that there is an increase in a number of youth who require further education. Many of these have no access to resources needed to achieve this. It is therefore imperative that government and all sectors of our society join forces and work in a well-orchestrated manner,”

One of our key objectives is to ensure that young people living in South Africa are employable. This is achieved through facilitation and coordination of bursaries, learner-ships, internships and career guidance. For the past two years the District Municipality has provided for in its budget an allocation for full time bursaries and registration fees to the youth of this district, with an amount of R1,595 325.90 (million) spent to date to further their studies, because the District Municipality believes that there is potential in achieving greatness.

Skills Development

The municipality had applied and received approval for funding from LGSETA to implement learnership programmes for unemployed youth in the district. The following learnership programmes were implemented;

- The National Certificate: Roads Construction NQF Level 2 which was funded to the tune of R2 000 000 and benefitted about 80 learners.
- The National Certificate: Electrical Engineering NQF Level 2 which also received R2,000 000 and benefitted about 80 learners.
- The National Certificate: Roads Maintenance NQF Level 3 received R3,000 000 and benefitted about 120 learners.
- The National Certificate: Ornamental Horticulture NQF Level 3 also received R3 000 000,00 and benefitted about 120 learners.

All the above-mentioned learning programmes had multiple impacts in so far as the socio-economic outlook of the district is concerned. For example, out of school learners who could not afford to study further were given an opportunity to acquire skills that would enable them to participate in the labour market. Secondly, the growth in skills provides positive spinoffs to the economy. Thirdly, poverty was alleviated in 400 households across the district through the R1000 stipends paid to learners on a monthly basis. Fourthly, poverty and unemployment correlates with the level of crime, therefore crime was reduced by about 40% over a period of twelve months. And lastly, the engagement of these learners in this learning programme had a

positive impact in improved service delivery as they provided extra hand to the outstretched human resource capacity across our municipalities in the district.

Expanded Public Works Programme (EPWP)

The EPWP involves creating temporary work opportunities for the unemployed, using public sector expenditure. It builds on existing best-practice government infrastructure and social programmes either by deepening their labour absorption or extending them. Since the financial year 2011/2012 we have established an EPWP District Support Grant to our Local Municipalities and managed to allocate a total amount of – R7,791,508 to date. This support grant has been allocated to the Local Municipalities over and above the Incentive grants that were allocated to them by the National Department of Public Works resulting in the creation of work opportunities. The employment opportunities created in all local municipalities till February this year was 1747.

The 2013/2014 IDP & MTREF Budget & Program of Action (Summary of Medium Term SERVICE delivery Objectives and the associated financial implications)

This 2013/2014 medium term budget is an attempt to create a balancing act between sustaining service delivery and responding to the newly identified needs and developmental priorities by our communities.

The budget serves as a tool to reflect backwards on our performance and plan within the realm of the current challenges to ensure that gaps identified are addressed effectively to avoid repetitions and pitfalls that engulfed our past planning and budgeting practices.

In the new financial year we are geared towards fastening our belts by ensuring that we 'cut the frills' on non-priority items. We have sent a strong message to the management to cut on items such as unproductive trips, accommodation, catering and subsistence and travelling claims, encashments that are not really justifiable. These expenditures have a bearing on our budget and can be channelled towards service delivery. I am a proponent of prudent financial management and would want to see this district rising above misuse of limited financial resources. Therefore, our focus in the new financial year is implementing the IDP and ensuring that we stick to the budgetary limits as proposed in the budget.

Total Operating Budget

The projected 2013/2014 total capital and operational budget over the MTREF period is respectively R454,125 million, R392,092 million for 2014/2015 and R434,326 million for 2015/2016.

In terms of the Division of Revenue (DORA) guidelines we are expecting the total Equitable Share of R225, 666m which will represent an increase of about 7.7% from the previous financial year. For Free Basic Water provision to the indigent, a total of R63 820m has been allocated, which represent about 28% of the Equitable Share. We envisage an increase of this amount with about R83 266m (37%) in 2014/2015 and R67 535 000,00 (26%) in 2015/2016 MTREF period.

For 2013/2014, the total projected revenue from Government Grants and Subsidies is R370,127million which has decreased by 13.8% from the previous financial year. The breakdown for is as follows:

	R'000
- Equitable Share	225,600
- MIG	120,739
- DWA Grant	9,300
- MSIG	890
- Financial Management Grant	1,250
- Dept of Transport Grant	1,940
- MWIG	8,700
- EPWP Incentive Grant	1,668

The total Employee Related Costs for the 2013/2014 financial year is estimated to be about R 91,728m which will be 20.19% of the total budget. This reflects strict adherence to the national norm of about 33% and has taken into consideration the MFMA Circular No. 67 on Employee Related Costs which advises municipalities to provide for increases related to salaries and wages for the 2013/14 budget year of 6.85 % (5.6 % plus 1.25 %) and 1 % increase for the 2014/15 financial year. In this budget we have adhered to the circular by providing for a 6.4 % (5.4 % plus 1 %) increase for the 2014/15 MTREF budget year. We have also ensured that we accurately budget for actual positions and vacancies as per the recent approved organisational structure and notch increments where applicable.

Summary of Infrastructure Development Objectives

This year's Executive Mayoral Roadshow that took place from the 23-26 April 2013 and 1st May 2013, was a manifest of all efforts taken to consult all local municipalities and communities on the ground. After the Draft IDP & Budget were tabled before council on the 28th March 2013, I convened the Budget Steering Committee (BSC) on three occasions and it was well attended by local municipalities. The BSC was a precursor to the Roadshow and provided opportunity for all locals to make inputs and amendments to the priorities of the budget. I must however report to the gathering that the consultation process was not done as we desired, at Lekwa-Teemane LM and Mamusa LM the turn-out was not satisfactory, community members were not invited and only councillors and officials attended. At Kagisano-Molopo LM it was a 'no show' because of poor logistical arrangement by officials and the consultation hasn't been held yet. Naledi LM the meeting was postponed and reconvened on the 2nd May and was a resounding success. I must applaud Greater-Taung for the greatest number of attendees and participation. (Mr Chwene the attendance at Mamusa was good).

The budget presented today, is a product of the consultative process that started last year September to date. It reflects consensus reached between the district and local municipalities and it is not an end in itself. In the next few months, this budget will undergo a review process on a quarterly basis, that will culminate in the Midyear Budget Assessment in terms of Section 72 of the MFMA in January 2014. I pledge to invite all local municipalities during the review of the budget to come and make inputs to ensure that all checks and balances as are put in place to avoid under-expenditure on projects that we have just witnessed in the past financial years.

In this current year, a capital expenditure of about R192,786m is proposed. Out of that amount, an amount of R144,461m, are grants from the national government and the rest is from our own funds. This allocation is earmarked for infrastructural projects to improve service delivery to our communities.

Our highlights in the Capital Budget worth noting, are as follows:

For **Lekwa-Teemane LM**, we have made an total allocation of R66 596 681, 00. Of that amount 65.31% is from the capital budget and 34.68% is from the operating budget.

- R15 000 000 for the Boitumelong Outfall Sewer and Pumpstations
- R18 000 000 for the Christiana: Rehabilitation of Raw Water Abstraction and Irrigation Channels
- R10 000 000 for the Lekwa-Teemane Water and Sanitation Services for new Extensions and Geluksoord
- R500 000 for the Water Reticulation Bloemhof Ext 3&4
- R1 500 000 for the Lekwa-Teemane: EPWP - Pothole repairs and township cleaning
- R7 457 799 for the Sewer Infrastructure Rehabilitation in Boitumelong Ext 5 and Utlwanang Ext 5
- R1 500 000 for a Rear End Loader Compactor Truck
- R1 500 000 for the Bloemhof Fire Station
- R 1 500 000 for the Christiana Fire Station
- R 9 638 882 for provision of Free Basic Services

Mamusa LM will be benefit from a total allocation of R59 778 070,00. Of that amount 86.23% is from the capital budget and 13.76% is from the operating budget.

- R25 000 000 for the Upgrading of Bulk Water Supply to the greater Mamusa Area
- R 4 550 000 for the Mamusa LM: Construction of Oxidation Ponds in the Mamusa LM
- R10 000 000 for the Ipelegeng Sewer rehabilitation
- R 8 000 000 for the Internal Water and Sanitation Services for 500 stands Ipelegeng Ext7
- R 2 000 000 for the Internal Water and Sanitation Services for 50 stands Ipelegeng Ext 5
- R 500 000 for the Internal Water and Sanitation Services Ipelegeng Ext 8
- R 1 000 000 for the Mareesin Farm Ext 5,6,and 7 Internal Water Reticulation
- R 500 000 for the Augmentation of Bulk Water Supply to Ipelegeng Ext 4 and 5
- R 1 500 000 for the Mamusa: EPWP - Pothole repairs and township cleaning
- R 2 718 098 for the Design and Management of NURP
- R 8 000 000 for provision of Free Basic Services

Kagisano-Molopo LM is the second largest municipality in the district after Greater Taung LM. It will receive a total allocation of R68 100 000,00. Of that amount 89.72% is from the capital budget and 10.27% is from the operating budget.

- R 9 000 000 for the DWA Refurbishment Grant 2013/14
- R 10 000 000 for the Bophirima Rural Water Supply Program 2012/15
- R 17 500 000 for the Bophirima Rural Sanitation Programme 2011/14
- R 600 000 for the Kagisano Bulk Water Feasibility Study
- R 14 000 000 for the Internal Water Reticulation Pomfret
- R 10 000 000 for the Construction of Oxidation Ponds: Kagisano/Molopo Local Municipality Area
- R 1 500 000 for the Kagisano - Pothole Repairs and township cleaning
- R 1 000 000 for 1 x Honeysucker truck
- R 4 500 000 for the Kagisano / Molopo - Rehabilitation of Internal Roads

Greater Taung LM being the largest municipality of the district, Greater Taung LM will receive a total R177 978 485 (which is almost equal to its total population). About 99.15% of the amount is from the capital budget and 0.85% is from the operating budget.

- R35 000 000 for the Bulk Water Supply Upgrading Taung Raw Water Gravity Pipe Line Taung Dam
- R57 474 485 for the Bulk Water Supply Upgrading Taung: Naledi Bulk Water Supply
- R47 800 000 for the Bulk Water Supply Upgrading Taung: Phase 4
- R10 000 000 for the Bophirima Rural Water Supply Program 2012/15
- R17 500 000 for the Bophirima Rural Sanitation Programme 2011/14
- R 8 700 000 for the MWIG Grant
- R 1 500 000 for the Greater Taung: EPWP - Pothole repairs and township cleaning Naledi LM
- R 7 741 739 for the Upgrading of Pudimoe and Vryburg Water Purification Works
- R 10 000 000 for the Vryburg - New Waste Water Treatment Plant - MIG
- R 300 000 for the Feasibility Stella Bulk Sewer and Internal Reticulation
- R11 000 000 for the Naledi - Rehabilitation of Nelson Mandela Road in Huhudi
- R 4 500 000 for the Satellite Offices in Stella
- R 2 920 000 for the Naledi: EPWP - Pothole repairs and township cleaning
- R 1 000 000 for the 1 x Honeysucker truck
- R 8 000 000 for provision of Free Basic Services
- R 5 900 000 for the Fire Services Personnel

The bulk of the budget allocations is an indication that this council is serious about provision of basic services to our communities and the development of the infrastructure of our local municipalities.

Conclusion

I extend my sincere appreciation to the traditional leadership and all the Councillors of the district and local municipalities, the senior management team and officials led by Municipal Manager Mr. Zebo Tshetlho, for their tireless unequivocal and unwavering support to ensure that we developed the 2013/2014 IDP and MTREF Budget that are informed by community needs and priorities. The team effort put in crafting these key documents will go a long way to ensure that we all work as collective to ensure that we speed up delivery of services to our communities.

I would also like to thank the Members of the Mayoral Committee for their support. Their positive and invaluable contributions to the IDP and Budget process have been insightful and very helpful. Thus this IDP and budget are proof of our resolute and collectivism.

Lastly let me applaud our communities for their patience and strength under these trying times, where retrenchments, rising fuel and food prices are the order of the day. Your commitment to participate in the IDP and Budget process has demonstrated that you have a firm believe that the government led by the African National Congress under the leadership of President Jacob Zuma is still capable to deliver on their your immediate needs and promises. Your participative efforts show that you can still hold us to be responsive and ensure that we provide democratic

and accountable governance.

Let's us ensure that we work together to provide basic services, safe and healthy environment.

Executive Mayor
Dr Ruth S. Mompati District Municipality

1.2 Council Resolutions

During a special council meeting which was held on the 30 May 2013 at 10H00 in the Naledi Banquet Hall, the Council adopted the following resolutions:

- h) Council resolves to adopt and approve the Final IDP 2013/2014.
- i) Council resolves to adopt and approve operating -and capital budget for MTREF 2013/2014 to 2015/2016
- j) Council resolves and adopt the IDP framework 2014/2015, IDP/BUDGET/PMS Process Plan.
- k) Council resolves and adopt the 2013/2014 PMS Framework.

Refer to: Council Resolution 90/2013

1.3 Executive Summary

1.3.1 Introduction

The municipality has made good progress with regards to the budgeting procedures and ensuring that the budget is prepared in line with GRAP and the Municipal Budget and Reporting Regulations as prescribed by the National Treasury.

The MFMA Budget Circulars issued by the National Treasury was mainly used to guide the compilation of the 2013/2014 MTREF. Some of the key challenges faced by the municipality during the compilation of this budget were:

- The ongoing difficulties in the national and local economy;
- The need to prioritise projects and expenditure within the financial means of the municipality
- Limited financial resources to meet the financial needs of the municipality

Dr Ruth S Mompati District Municipality like most district municipalities is heavily dependent on grants for funding. This brings the self-sustainability of the municipality in doubt and requires an urgent intervention from the National Treasury and other relevant stakeholders.

1.3.2 The Municipality's Budget Structure

A vote is one of the main segments of a budget. The structure is for reporting requirements and links the accounting performance both to the IDP and responsible officials.

The high level budget structure for Dr Ruth S Mompati District Municipality as included in the budget documentation is shown in the table below:

BUDGET VOTE	VOTE DESCRIPTION
Vote 1	Office of the Executive Mayor
Vote 2	Office of the Speaker
Vote 3	Office of the Municipal Manager
Vote 4	Internal Audit
Vote 5	Budget and Treasury Office
Vote 6	Corporate Services
Vote 7	IDP and PIMS
Vote 8	Environmental Health
Vote 9	Fire and Disaster Management
Vote 10	Engineering Services
Vote 11	Project Management Unit
Vote 12	Economic Dev. Tourism and Agriculture

Vote 11 and Vote 10 were merged to form one vote.

The municipality's business and service delivery priorities 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 expenditures on noncore and 'nice to have' items.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2011/12 Medium-term Revenue and Expenditure Framework:

The total budget of the municipality has changed substantially for the 2013/2014:

	Current budget 2012/13 R '000	Approved budget 2013/14 R '000	Variance %	Indicative budget 2014/15 R '000	Indicative budget 2015/16 R '000
REVENUE	611,675	454,125	-26%	392,092	434,326
Operating Revenue	611,675	454,125	-26%	392,092	434,326
EXPENDITUE	623,660	454,125	-27%	392,092	434,326
Operating Budget	252,729	261,339	3%	258,595	291,563
Capital Budget	370,931	192,786	-48%	133,497	142,763
Total Budget	623,660	454,125	-27%	392,092	434,326
Net Balance	-11,984	-0	0%	-0	0

Table 1 Consolidated Overview of the 2011/12 MTREF

1.4 Operating Revenue Framework

The total budget of the municipality has changed substantially for the 2013/2014:

	Current budget 2012/13 R '000	Approved budget 2013/14 R '000	Variance (Original %	Indicative budget 2014/15 R '000	Indicative budget 2015/16 R '000
REVENUE	611,675	454,125	-26%	392,092	434,326
Operating Revenue	611,675	454,125	-26%	392,092	434,326
EXPENDITURE	623,660	454,125	-27%	392,092	434,326
Operating Budget	252,729	261,339	3%	258,595	291,563
Capital Budget	370,931	192,786	-48%	133,497	142,763
Total Budget	623,660	454,125	-27%	392,092	434,326
Net Balance	-11,984	-0	0%	-0	0

The operating revenue indicates a decline by 26% in 2013/2014 as compared to the approved budget of 2012/2013. A further decrease of 15% in 2014/2015, with a slight increase 11% in the 2015/2016 financial year as compared to the prior year projection. There is also a decline in the capital budget in relation to a general decline in the overall budget. A decline in the total revenue presented above is a result of the "grants in kind" from the Department of Water Affairs as indicated above.

The "grant in kind" amounting to R135m from the Department of Water Affairs (DWA) was not included in the budget when compiling the budget. However, these funds will be accessed on a claim basis from the Department of Water Affairs.

Included in the government grants and subsidies of R370,127m, is a total equitable share allocated to the district municipality amounting to R225,666m. The other revenue presented in

the above table includes a possible roll-over of the current year capital budget.

	2012/13 R '000	Approved budget 2013/14 R '000	Indicative budget 2014/15 R '000	Indicative budget 2015/16 R '000
Equitable Share	209,603	225,666	222,838	259,926
Municipal Infrastructure Grant	135,806	120,739	132,737	142,443
DWA Grant	228,392	9,300	6,578	10,500
Municipal Systems Improvement Grant	1,000	890	934	967
Finance Management Grant	1,250	1,250	1,250	1,250
Department of Transport Grant	3,463	1,914	2,225	2,275
MWIG	-	8,700	-	-
EPWP Incentive Grant	6,153	1,668	-	2,966
Total	585,667	370,127	366,562	420,326

Table 3 Operating Transfers and Grant Receipts

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circular 66;
- Balanced budget constraint (operating expenditure should not exceed operating revenue).
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and core services; and

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure:

Table 4 Operating Expenditure by type

	Current budget 2012/13 R '000	Approved Budget 2013/14 R '000	Variance (Current / Draft) %	Total %	Indicative budget 2014/15 R '000	Indicative budget 2015/16 R '000
Employee related costs	76,590	87,514	14.3%	33.5%	92,239	97,220
Remuneration of Councillors	5,326	5,572	4.6%	2.1%	5,872	6,189
Impairment of receivables	320	320	0.0%	0.1%	400	400
Depreciation	3,842	7,996	108.1%	3.1%	8,427	8,882
Repairs and maintenance	2,488	1,929	-22.5%	0.7%	1,922	2,576
Interest paid	-	-	0.0%	0.0%	-	-
Bulk purchases - Water	-	53,160	0.0%	20.3%	52,118	54,933
Contracted services	39,105	10,434	-73.3%	4.0%	8,291	8,375
Grants and subsidies paid	87,820	64,963	-26.0%	24.9%	59,762	82,659
Advertising	835	795	-4.8%	0.3%	838	772
Audit fees	1,600	2,000	25.0%	0.8%	2,108	1,600
Bank charges	65	70	7.7%	0.0%	74	78
Communications	1,538	1,534	-0.3%	0.6%	1,617	1,642
Insurance	879	1,424	62.0%	0.5%	1,501	1,582
Legal fees	200	800	300.0%	0.3%	200	200
Seminar / Conferences	468	307	-34.4%	0.1%	324	336
Travel and Accommodation	6,239	6,834	9.5%	2.6%	7,203	5,972
Community functions, special projects and donations	3,660	4,195	14.6%	1.6%	4,373	4,559
Refreshments, meals and entertainment	805	959	19.2%	0.4%	1,011	893
Printing and stationery	1,201	1,366	13.7%	0.5%	1,439	1,367
Office and equipment rental	2,216	2,461	11.1%	0.9%	2,469	5,578
Bursaries, training costs and assistance programs	1,950	2,200	12.8%	0.8%	1,616	1,100
Other	3,598	4,508	25.3%	1.7%	4,791	4,648
TOTAL EXPENDITURE	240,744	261,339	8.6%	100%	258,595	291,563

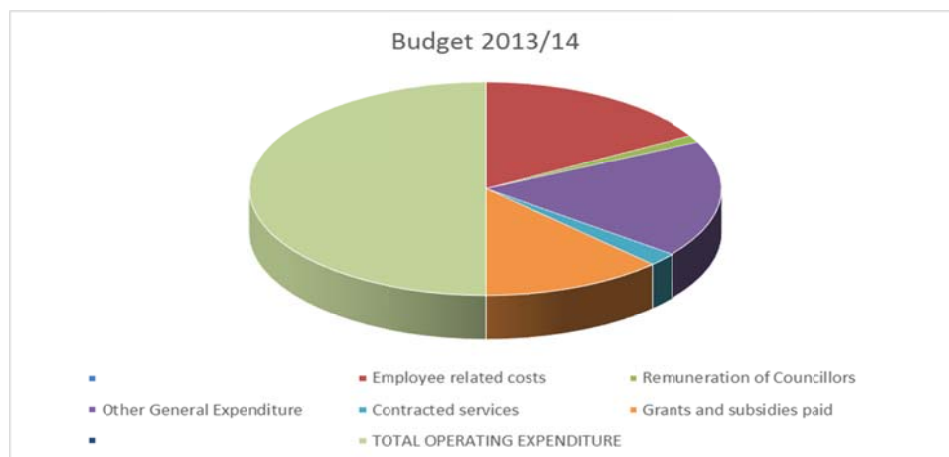
Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption.

Bulk purchases are directly informed by the purchase water from the water service providers. Other expenditure comprises of various line items relating to the daily operations of the municipality.

Table 5 Summary of operating expenditure by standard classification item

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Expenditure By Type									
Employee related costs	47,926	58,316	54,944	76,590	76,590	76,590	87,514	92,286	97,270
Remuneration of councillors	3,780	4,144	4,954	5,326	5,326	5,326	5,572	5,872	6,190
Debt impairment	9,247	890	10,392	320	320	320	320	400	400
Depreciation & asset impairment	34,232	38,163	48,590	3,842	3,842	3,842	7,996	8,427	8,882
Finance charges	464	-	19	-	-	-	70	74	78
Bulk purchases	41,779	44,325	45,350	-	-	-	53,160	52,118	54,933
Other materials	2,229	3,025	1,823	2,488	2,488	2,488	2,229	2,239	2,688
Contracted services	35,620	20,679	52,508	39,105	39,105	39,105	10,434	8,291	8,375
Transfers and grants	52,009	30,379	32,892	87,119	87,119	87,119	64,963	59,762	32,659
Other expenditure	20,199	23,584	26,165	37,938	76,178	76,178	29,082	29,173	30,138
Loss on disposal of PPE	3,085	1,835	2,280						
Total Expenditure	250,572	225,340	279,917	252,728	290,968	290,968	261,340	258,642	291,612

The following chart gives a breakdown of the main expenditure categories for the 2013/14 financial year.

**Figure 1 Main operational expenditure categories for the 2013/14 financial year**

The diagram above, indicates that, the budgeted expenditure on employee related costs is at 33,5 % of the total operating expenditure. This is still within the national threshold of 35%. The municipality took into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the

average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 per cent for the 2013/14 financial year. The agreement also provides for a 1 per cent increase for the 2014/15 financial year. In this regard, municipalities may provide for a 6.4 per cent (5.4 per cent plus 1 per cent) increase for the 2014/15 budget year. The other cost drivers of the budget include the bulk water purchases at 20.3%, grants and subsidies at 24,9, refreshments and meals at 19,2%.

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, no 20 of 1998. The most recent proclamation in this regard has been taken into account when compiling the budget.

National Treasury has recommended that municipalities should allocate at least 10 percent of their budget to the repairs and maintenance of the existing infrastructural assets. Due to financial limitations, Dr Ruth S. Mompoti District Municipality could only provide 0,9% of the budget to the repairs and maintenance.

1.5 Capital expenditure

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

Table 6 Capital Expenditure by Classification

Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard									
<i>Governance and administration</i>	290	3,103	991	790	785	1,056	1,131	265	20
Executive and council	115	240	361	275	270	290	351	75	20
Budget and treasury office	100	235	355	95	95	110	95	115	-
Corporate services	75	2,628	275	420	420	656	685	75	-
<i>Community and public safety</i>	3,378	1,643	4,721	6,173	6,153	6,173	340	80	-
Public safety	3,268	1,592	4,652	6,103	6,103	6,103	70	40	-
Health	110	51	70	70	50	70	270	40	-
<i>Economic and environmental services</i>	99,143	134,542	29,214	255,942	239,434	255,989	191,315	133,152	142,743
Planning and development	99,143	134,542	29,214	255,942	239,434	255,989	191,315	133,152	142,743
Total Capital Expenditure - Standard	102,811	139,287	34,927	262,905	246,372	263,217	192,786	133,497	142,763
Funded by:									
National Government	74,067	154,161	73,967	391,728	399,311	320,673	144,461	143,724	157,435
Provincial Government	5 948						-		
District Municipality	22,796	41,551	237,407	358,946	321,516	321,516	48,324	(10,274)	(14,721)
Transfers recognised - capital	102,811	195,712	311,374	750,674	720,827	642,189	192,785	133,450	142,714
Total Capital Funding	102,811	195,712	311,374	750,674	720,827	642,189	192,785	133,450	142,714

1.6 Annual Budget Tables

The following pages (19 – 30) present the nine main budget tables (Table A1- A9) as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes (Narration)*.

Table 7 MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance									
Investment revenue	4,226	2,317	2,806	2,190	3,000	3,000	3,320	2,257	1,757
Transfers recognised - operational	294,183	261,879	513,330	608,620	608,620	608,620	225,666	222,838	259,926
Other own revenue	1,390	2,694	1,188	865	865	865	80,678	23,273	15,208
Total Revenue (excluding capital transfers and contributions)	299,799	266,891	517,324	611,675	612,485	612,485	309,664	248,368	276,891
Employee costs	47,926	58,316	54,944	76,590	76,590	76,590	87,514	92,286	97,270
Remuneration of councillors	3,780	4,144	4,954	5,326	5,326	5,326	5,572	5,872	6,190
Depreciation & asset impairment	34,232	38,163	48,590	3,842	3,842	3,842	7,996	8,427	8,882
Finance charges	464	-	19	-	-	-	70	74	78
Materials and bulk purchases	44,008	47,351	47,174	2,488	2,488	2,488	55,389	54,357	57,621
Transfers and grants	52,009	30,379	32,892	87,119	87,119	87,119	64,963	59,762	82,659
Other expenditure	68,152	46,988	91,345	77,363	115,603	115,603	39,836	37,864	38,913
Total Expenditure	250,572	225,340	279,917	252,728	290,968	290,968	261,340	258,642	291,612
Surplus/(Deficit) for the year	49,228	41,551	237,407	358,946	321,516	321,516	48,324	(10,274)	(14,721)
Capital expenditure & funds sources									
Capital expenditure	102,811	139,287	34,927	262,905	246,372	263,217	192,786	133,497	142,763
Transfers recognised - capital	102,811	195,712	311,374	750,674	720,827	642,189	192,785	133,450	142,714
Total sources of capital funds	102,811	195,712	311,374	750,674	720,827	642,189	192,785	133,450	142,714
Financial position									
Total current assets	60,609	59,126	157,498	168,412	248,556	122,307	490,096	184,619	196,430
Total non current assets	1,339,817	1,375,487	1,602,658	1,735,731	1,735,731	1,735,731	1,928,954	2,062,641	2,205,604
Total current liabilities	78,433	67,805	163,471	113,244	113,244	113,244	236,272	235,638	249,374
Total non current liabilities	10,156	13,304	18,192	11,025	11,025	11,025	19,211	20,248	21,342
Community wealth/Equity	1,311,837	1,353,504	1,578,492	765,080	765,080	765,080	1,666,888	1,756,900	1,851,772
Cash flows									
Net cash from (used) operating	89,794	97,209	609,634	135,199	326,272	363,331	201,101	142,883	152,608
Net cash from (used) investing	(125,861)	(74,343)	(277,929)	(80,143)	(246,372)	(263,217)	(327,786)	(145,497)	(142,821)
Net cash from (used) financing	(2,218)	(11,164)	(356)	-	-	-	-	-	-
Cash/cash equivalents at the year end	21,813	33,516	364,864	419,921	499,821	520,035	373,137	370,523	380,310
Cash backing/surplus reconciliation									
Cash and investments available	21,813	33,516	46,719	119,105	199,249	73,000	373,137	61,343	66,498
Application of cash and investments	47,212	57,169	98,912	63,594	63,594	63,594	34,344	18,096	174,952
Balance - surplus (shortfall)	(25,398)	(23,653)	(52,193)	55,511	135,654	9,405	338,793	43,247	(108,455)
Asset management									
Asset register summary (WDV)	1,339,817	1,375,487	1,602,658	3,775	3,775	3,775	1,795,630	1,795,820	1,796,019
Depreciation & asset impairment	34,232	38,163	48,590	3,842	3,842	3,842	7,996	8,427	8,882
Repairs and Maintenance	2,230	2,676	1,823	2,471	1,652	1,652	2,229	2,239	2,688

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. 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:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.

Table 8 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard									
<i>Governance and administration</i>	45,373	52,114	67,048	61,791	62,944	63,683	108,056	75,363	81,650
Executive and council	19,421	22,627	25,590	29,668	29,668	29,668	35,270	37,186	38,774
Budget and treasury office	8,796	13,966	17,683	12,991	13,851	14,168	48,723	14,069	15,309
Corporate services	17,156	15,521	23,775	19,133	19,426	19,847	24,063	24,108	27,568
<i>Community and public safety</i>	14,880	19,676	16,352	31,546	32,663	32,663	27,618	27,380	31,938
Public safety	14,880	19,676	16,352	31,546	32,663	32,663	27,618	27,380	31,938
<i>Economic and environmental services</i>	21,799	29,967	30,396	31,359	31,360	31,359	34,837	35,894	34,610
Planning and development	16,895	25,063	25,492	23,659	23,660	23,659	26,203	26,805	25,063
Environmental protection	4,904	4,904	4,904	7,700	7,700	7,700	8,634	9,089	9,547
<i>Trading services</i>	217,764	163,374	400,549	486,979	486,979	406,962	283,613	253,455	286,127
Water	217,764	163,374	400,549	486,979	486,979	406,962	283,613	253,455	286,127
Total Revenue - Standard	299,816	265,131	514,346	611,675	613,946	534,667	454,125	392,092	434,326
Expenditure - Standard									
<i>Governance and administration</i>	60,848	58,031	80,046	72,986	60,894	53,470	79,801	82,619	87,370
Executive and council	19,486	23,822	27,683	41,377	27,683	27,443	35,270	37,187	38,774
Budget and treasury office	24,065	11,819	20,440	12,896	12,849	11,847	18,012	18,941	18,944
Corporate services	17,298	22,390	31,923	18,713	20,362	14,179	26,519	26,491	29,652
<i>Community and public safety</i>	10,814	14,441	16,073	25,443	25,738	24,297	29,515	31,093	31,604
Public safety	10,806	14,441	16,073	25,443	25,738	24,297	29,515	31,093	31,604
Health	8	-	-	0	-	-	-	-	-
<i>Economic and environmental services</i>	28,525	29,246	26,808	31,214	27,223	25,877	34,837	35,894	34,610
Planning and development	21,779	22,961	19,042	23,584	20,618	18,711	26,203	26,805	25,063
Environmental protection	6,746	6,285	7,766	7,630	6,605	7,165	8,634	9,089	9,547
<i>Trading services</i>	150,400	123,460	169,442	123,086	178,576	161,969	117,186	108,989	137,978
Water	150,400	123,460	169,442	123,086	178,576	161,969	117,186	108,989	137,978
Total Expenditure - Standard	250,589	225,179	292,368	252,729	292,430	265,612	261,339	258,595	291,563
Surplus/(Deficit) for the year	49,228	39,952	221,977	358,946	321,516	269,055	192,786	133,497	142,763

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 and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 9 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Revenue by Vote									
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	8,107	11,077	11,632	13,372	13,372	13,372	15,920	16,779	17,686
Vote 2 - OFFICE OF THE SPEAKER	1,833	2,055	2,497	4,110	4,110	4,110	4,612	4,823	4,674
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER	1,775	1,946	2,171	3,313	3,313	3,313	4,242	4,521	4,766
Vote 4 - INTERNAL AUDIT	7,706	7,549	9,290	8,872	8,872	8,872	10,496	11,063	11,649
Vote 5 - BUDGET AND TREASURY OFFICE	8,796	13,966	17,683	12,991	13,851	14,168	48,723	14,069	15,309
Vote 6 - CORPORATE SERVICES	17,156	15,521	23,775	19,133	19,426	19,847	24,063	24,108	27,568
Vote 7 - IDP/PIMS	2,764	5,034	5,181	3,729	3,730	3,729	5,070	5,334	5,453
Vote 8 - ENVIRONMENTAL HEALTH	4,904	6,502	7,884	7,700	7,700	7,700	8,634	9,089	9,547
Vote 9 - FIRE AND DISASTER MANAGEMENT	14,880	19,676	16,352	31,546	32,663	32,663	27,618	27,380	31,938
Vote 10 - ENGINEERING	125,364	123,316	315,725	350,645	350,645	270,629	283,613	253,455	286,127
Vote 11 - PMU	92,400	40,059	84,825	136,333	136,333	136,333	-	-	-
Vote 12 - ECONOMIC DEVELOPMENT TOURISM AND AGRICULTURE	14,131	20,028	20,311	19,930	19,930	19,930	21,134	21,471	19,611
Total Revenue by Vote	299,816	266,730	517,326	611,675	613,946	534,667	454,125	392,092	434,326
Expenditure by Vote to be appropriated									
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	9,535	12,189	14,001	13,262	13,375	13,401	15,920	16,779	17,686
Vote 2 - OFFICE OF THE SPEAKER	1,915	2,282	3,197	4,075	3,269	3,635	4,612	4,823	4,674
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER	1,820	2,045	2,746	6,526	2,592	2,170	4,242	4,521	4,766
Vote 4 - INTERNAL AUDIT	6,216	7,307	7,739	17,514	8,447	8,236	10,496	11,063	11,649
Vote 5 - BUDGET AND TREASURY OFFICE	24,065	11,819	20,440	12,896	12,849	11,847	18,012	18,941	18,944
Vote 6 - CORPORATE SERVICES	17,298	22,390	31,923	18,713	20,362	14,179	26,519	26,491	29,652
Vote 7 - IDP/PIMS	7,029	8,291	4,709	3,709	4,464	4,446	5,070	5,334	5,453
Vote 8 - ENVIRONMENTAL HEALTH	6,746	6,285	7,766	7,630	6,605	7,165	8,634	9,089	9,547
Vote 9 - FIRE AND DISASTER MANAGEMENT	10,806	14,441	16,073	25,443	25,738	24,297	29,515	31,093	31,604
Vote 10 - ENGINEERING	117,783	106,175	123,726	94,779	116,038	124,595	117,186	108,989	137,978
Vote 11 - PMU	32,617	17,285	45,716	28,307	62,537	37,374	-	-	-
Vote 12 - ECONOMIC DEVELOPMENT TOURISM AND AGRICULTURE	14,750	14,670	14,334	19,875	16,154	14,266	21,134	21,471	19,611
Vote 13 - CLINICS	8	-	-	0	-	-	-	-	-
Total Expenditure by Vote	250,589	225,179	292,368	252,729	292,430	265,612	261,339	258,595	291,563
Surplus/(Deficit) for the year	49,228	41,551	224,957	358,946	321,516	269,055	192,786	133,497	142,763

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

1. Table A3 above, 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 that, it is possible to present a deficit or a surplus in a municipal vote.

Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source									
Rental of facilities and equipment	474	569	582	594	594	594	600	606	612
Interest earned - external investments	4,226	2,317	2,806	2,190	3,000	3,000	3,320	2,257	1,757
Interest earned - outstanding debtors	-	208	-	-	-	-	-	-	-
Transfers recognised - operational	294,183	261,879	513,330	608,620	608,620	608,620	225,666	222,838	259,926
Other revenue	816	1,581	526	271	271	271	80,078	22,667	14,596
Gains on disposal of PPE	100	336	80						
Total Revenue (excluding capital transfers and contributions)	299,799	266,891	517,324	611,675	612,485	612,485	309,664	248,368	276,891
Expenditure By Type									
Employee related costs	47,926	58,316	54,944	76,590	76,590	76,590	87,514	92,286	97,270
Remuneration of councillors	3,780	4,144	4,954	5,326	5,326	5,326	5,572	5,872	6,190
Debt impairment	9,247	890	10,392	320	320	320	320	400	400
Depreciation & asset impairment	34,232	38,163	48,590	3,842	3,842	3,842	7,996	8,427	8,882
Finance charges	464	-	19	-	-	-	70	74	78
Bulk purchases	41,779	44,325	45,350	-	-	-	53,160	52,118	54,933
Other materials	2,229	3,025	1,823	2,488	2,488	2,488	2,229	2,239	2,688
Contracted services	35,620	20,679	52,508	39,105	39,105	39,105	10,434	8,291	8,375
Transfers and grants	52,009	30,379	32,892	87,119	87,119	87,119	64,963	59,762	82,659
Other expenditure	20,199	23,584	26,165	37,938	76,178	76,178	29,082	29,173	30,138
Loss on disposal of PPE	3,085	1,835	2,280						
Total Expenditure	250,572	225,340	279,917	252,728	290,968	290,968	261,340	258,642	291,612
Surplus/(Deficit)	49,228	41,551	237,407	358,946	321,516	321,516	48,324	(10,274)	(14,721)
Surplus/(Deficit) after capital transfers & contributions	49,228	41,551	237,407	358,946	321,516	321,516	48,324	(10,274)	(14,721)
Taxation									
Surplus/(Deficit) after taxation	49,228	41,551	237,407	358,946	321,516	321,516	48,324	(10,274)	(14,721)
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	49,228	41,551	237,407	358,946	321,516	321,516	48,324	(10,274)	(14,721)
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	49,228	41,551	237,407	358,946	321,516	321,516	48,324	(10,274)	(14,721)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R454,125 million in 2013/2014 and declines to R392, million in the 2014/2015 escalates slightly in 2015/2016 to R 432 million. This indicates an inconsistent movement in the operating revenue from year to year.

Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Single-year expenditure to be appropriated									
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	25	130	277	110	105	116	129	25	20
Vote 2 - OFFICE OF THE SPEAKER	5	10	6	35	35	35	62	-	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER	-	15	8	40	40	40	40	-	-
Vote 4 - INTERNAL AUDIT	85	85	70	90	90	98	120	50	-
Vote 5 - BUDGET AND TREASURY OFFICE	100	235	355	95	95	110	95	115	-
Vote 6 - CORPORATE SERVICES	75	2,628	275	420	420	656	685	75	-
Vote 7 - IDP/PIMS	20	20	14	20	45	64	20	20	-
Vote 8 - ENVIRONMENTAL HEALTH	110	51	70	70	50	70	270	40	-
Vote 9 - FIRE AND DISASTER MANAGEMENT	3,268	1,592	4,652	6,103	6,103	6,103	70	40	-
Vote 10 - ENGINEERING	45,555	71,170	29,088	255,867	239,334	255,869	191,195	133,092	142,743
Vote 11 - PMU	53,523	63,349	-	-	-	-	-	-	-
Vote 12 - ECOGNOMIC DEVELOPMENT TOURISM AND AGRICULTURE	45	2	113	55	55	55	100	40	-
Capital single-year expenditure sub-total	102,811	139,287	34,927	262,905	246,372	263,217	192,786	133,497	142,763
Total Capital Expenditure - Vote	102,811	139,287	34,927	262,905	246,372	263,217	192,786	133,497	142,763
Capital Expenditure - Standard									
<i>Governance and administration</i>	290	3,103	991	790	785	1,056	1,131	265	20
Executive and council	115	240	361	275	270	290	351	75	20
Budget and treasury office	100	235	355	95	95	110	95	115	-
Corporate services	75	2,628	275	420	420	656	685	75	-
<i>Community and public safety</i>	3,378	1,643	4,721	6,173	6,153	6,173	340	80	-
Public safety	3,268	1,592	4,652	6,103	6,103	6,103	70	40	-
Health	110	51	70	70	50	70	270	40	-
<i>Economic and environmental services</i>	99,143	134,542	29,214	255,942	239,434	255,989	191,315	133,152	142,743
Planning and development	99,143	134,542	29,214	255,942	239,434	255,989	191,315	133,152	142,743
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	102,811	139,287	34,927	262,905	246,372	263,217	192,786	133,497	142,763
Funded by:									
National Government	74,067	154,161	73,967	391,728	399,311	320,673	144,461	143,724	157,435
Provincial Government	948	-	-	-	-	-	-	-	-
District Municipality	22,796	41,551	237,407	-	-	-	48,324	(10,274)	(14,721)
Other transfers and grants	5,000	-	-	-	-	-	-	-	-
Transfers recognised - capital	102,811	195,712	311,374				192,785	133,450	142,714
Total Capital Funding	102,811	195,712	311,374	262,905	246,372	263,217	192,785	133,450	142,714

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

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. , however, only single year projections are appropriated on this table. The capital expenditure is here presented by vote, standard classification as well as the relevant funding sources that will fund it.
2. The capital expenditure presented in table A5 is 42.45 % of the total operating revenue. This does not mean that the service delivery requirements are limited or measured at that percentage. However, this percentage is the only amount that could be affordable at this stage given the economic conditions and the available resources.
3. Single-year capital expenditure has been appropriated at R192 million for the 2013/14 financial year and remains relatively constant over the MTREF at levels of R133,450 million and R142,714 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from grants and transfers, and internally generated funds from current year surpluses

Table 12 MBRR Table A6 - Budgeted Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
ASSETS									
Current assets									
Cash	4,515	1,332	10,535	80,711	161,695	228,963	67,032	62,161	70,233
Call investment deposits	17,298	32,185	36,184	38,374	39,184	39,516	42,836	45,093	46,850
Consumer debtors	18,160	11,339	62,582	48,554	48,554	48,554	66,087	69,656	73,417
Other debtors	269	285	414	392	392	392	414	436	460
Current portion of long-term receivables	20,006	13,625	47,422				50,077	52,781	55,632
Inventory	361	361	361	361	361	361	381	402	424
Total current assets	60,609	59,126	157,498	168,392	250,186	317,786	226,828	230,529	247,015
Non current assets									
Investment property	3,075	3,246	3,326	3,075	3,075	3,075	3,512	3,702	3,902
Investment in Associate									
Property, plant and equipment	1,336,042	1,371,541	1,598,632	1,731,956	1,731,956	1,731,956	1,924,742	2,058,239	2,201,002
Intangible	700	700	700	700	700	700	700	700	700
Other non-current assets									-
Total non current assets	1,339,817	1,375,487	1,602,658	1,735,731	1,735,731	1,735,731	1,928,954	2,062,641	2,205,604
TOTAL ASSETS	1,400,425	1,434,613	1,760,155	1,904,123	1,985,917	2,053,517	2,155,782	2,293,170	2,452,619
LIABILITIES									
Current liabilities									
Borrowing	11,255	-	-	-	-	-	-	-	-
Consumer deposits	669	760	404	340	340	340	427	450	474
Trade and other payables	65,640	66,160	161,908	112,540	112,540	112,540	235,525	234,788	248,499
Provisions	869	884	1,158	364	364	364	320	400	400
Total current liabilities	78,433	67,805	163,471	113,244	113,244	113,244	236,272	235,638	249,374
Non current liabilities									
Provisions	10,156	13,304	18,192	11,025	11,025	11,025	19,211	20,248	21,342
Total non current liabilities	10,156	13,304	18,192	11,025	11,025	11,025	19,211	20,248	21,342
TOTAL LIABILITIES	88,589	81,109	181,663	124,269	124,269	124,269	255,483	255,887	270,716
NET ASSETS	1,311,837	1,353,504	1,578,492	1,779,854	1,861,648	1,929,248	1,900,298	2,037,283	2,181,903
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	1,304,538	1,346,089	1,571,047	1,772,564	1,854,169	1,921,769	1,892,819	2,029,804	2,174,424
Reserves	7,298	7,415	7,446	7,290	7,479	7,479	7,479	7,479	7,479
Minorities' interests									
TOTAL COMMUNITY WEALTH/EQUITY	1,311,837	1,353,504	1,578,492	1,779,854	1,861,648	1,929,248	1,900,298	2,037,283	2,181,903

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 councilors 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” . The order of items within each group illustrates items in the order of liquidity
3. Table A6 contains mainly the following items:
 - Consumer debtors - The district municipality does not have any consumer base and therefore there are not consumer debtors. However, the debtors reflected in table A6 is mainly the Department of Water Affairs (DWA) and other sundry debtors.
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions noncurrent;
 - Changes in net assets, and
 - Reserves
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. Therefore any budget assumptions are critical as they 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 by directly forecasting the statement of financial position.

Table 13 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	1,290	1,125	1,108	865	915	1,059	80,678	23,273	15,208
Government - operating	284,676	165,396	188,347	157,202	157,202	209,603	225,666	223,444	260,538
Government - capital	-	98,057	328,358	186,260	186,260	399,311	144,461	143,724	157,435
Interest received	4,226	2,525	2,806	2,329	2,329	3,000	3,320	2,257	1,757
Payments									
Suppliers and employees	(199,935)	(139,864)	(196,220)	(150,231)	(150,231)	(199,688)	(187,590)	(189,979)	(199,551)
Finance charges	(464)	349	(19)	-	-	-	(70)	(74)	(78)
Transfers and Grants	(52,009)	(30,379)	(32,892)	(43,916)	(43,916)	(87,119)	(64,563)	(59,762)	(82,659)
NET CASH FROM/(USED) OPERATING ACTIVITIES	37,785	97,209	291,488	152,508	152,559	326,166	201,102	142,883	152,649
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Decrease (increase) other non-current receivables	48	-	25	-	-	14,028	(17,533)	(12,000)	(58)
Payments									
Capital assets	(125,908)	(74,343)	(277,954)	(80,143)	(80,143)	(263,217)	(192,786)	(133,497)	(142,763)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(125,861)	(74,343)	(277,929)	(80,143)	(80,143)	(249,189)	(210,319)	(145,497)	(142,821)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	397	(11,163)	(356)	-	-	-	-	-	-
Payments									
Repayment of borrowing	(2,615)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2,218)	(11,163)	(356)	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	(90,293)	11,703	13,203	72,366	72,416	76,977	(9,217)	(2,614)	9,828
Cash/cash equivalents at the year begin:	60,098	21,813	33,517	46,719	119,085	191,502	119,085	109,868	107,254
Cash/cash equivalents at the year end:	21,813	33,517	46,719	119,085	191,502	268,479	109,868	107,254	117,082

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 remain positive over the MTREF period.
4. The approved 2013/14 MTREF provide for a further positive in cash and cash equivalents of R109 million, R017million for the 2014/15 and R117million for the 2015/2016

Table 14 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available									
Cash/cash equivalents at the year end	21,813	33,516	46,719	119,136	199,249	363,000	68,351	61,343	66,498
Other current investments > 90 days	0	0	0	(30)	(0)	(290,000)	-	1	(0)
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	21,813	33,516	46,719	119,105	199,249	73,000	68,351	61,343	66,498
Application of cash and investments									
Unspent conditional transfers	18,791	15,915	70,844	96,940	96,940	96,940	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	28,420	41,254	28,068	(33,346)	(33,346)	(33,346)	24,563	20,972	17,117
Other provisions							320	400	400
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
Total Application of cash and investments:	47,212	57,169	98,912	63,594	63,594	63,594	24,883	21,372	17,517
Surplus(shortfall)	(25,398)	(23,653)	(52,193)	55,511	135,654	9,405	43,467	39,971	48,980

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. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2013/2014 MTREF is funded.

Table 15 MBRR Table A9 - Asset Management

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CAPITAL EXPENDITURE									
Total New Assets	1,073,326	78,050	262,646	104,996	320,395	371,243	192,786	133,497	142,763
Infrastructure - Road transport	1,064,438	67,708	252,838	87,243	313,235	363,768	177,650	133,037	142,743
Infrastructure - Water	-	-	-	10,600	-	-	-	-	-
Infrastructure	1,064,438	67,708	252,838	97,843	313,235	363,768	177,650	133,037	142,743
Other assets	8,888	10,342	9,808	7,153	7,159	7,475	15,136	460	20
Total Capital Expenditure									
Infrastructure - Road transport	1,064,438	67,708	252,838	87,243	313,235	363,768	177,650	133,037	142,743
Infrastructure - Water	-	-	-	10,600	-	-	-	-	-
Infrastructure	1,064,438	67,708	252,838	97,843	313,235	363,768	177,650	133,037	142,743
Other assets	8,888	10,342	9,808	7,153	7,159	7,475	15,136	460	20
TOTAL CAPITAL EXPENDITURE - Asset class	1,073,326	78,050	262,646	104,996	320,395	371,243	192,786	133,497	142,763
ASSET REGISTER SUMMARY - PPE (WDV)									
Investment properties	3,075	3,246	3,326	3,075	3,075	3,075	3,512	3,702	3,902
Other assets	1,336,042	1,371,541	1,598,632	1,731,956	1,731,956	1,731,956	1,924,742	2,058,239	2,201,002
Intangibles	700	700	700	700	700	700	700	700	700
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1,339,817	1,375,487	1,602,658	1,735,731	1,735,731	1,735,731	1,928,954	2,062,641	2,205,604
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	34,232	38,163	48,590	3,842	3,842	3,842	7,996	8,427	8,882
Repairs and Maintenance by Asset Class	2,230	2,676	1,823	2,471	1,652	1,652	2,229	2,239	2,688
Other assets	2,230	2,676	1,823	2,471	1,652	1,652	2,229	2,239	2,688
TOTAL EXPENDITURE OTHER ITEMS	36,462	40,839	50,413	6,313	5,494	5,494	10,225	10,666	11,570
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal 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&M as a % of PPE</i>	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
<i>Renewal and R&M as a % of PPE</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Explanatory notes to Table A9 - Asset Management

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

Part 2 – Supporting Documentation

2.1 Overview of the annual 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 discharging the responsibilities set out S53 of the Act.

2.1.1 Budget Process Overview

The following key dates are set out for the budget process -

During January and February 2013 – Request budget inputs from departments. The municipality further conducted IDP and Budget Roadshows to get inputs on the budget and the IDP from all family municipalities.

The Draft Budget was tabled to Council on the 27 March 2013. Following the adoption of the draft budget, the municipal manager had to take the draft for public participation and invited the public to submit representation in terms in connection with the budget. Furthermore, the Mayoral roadshows to ensure participation on the IDP and budget of the municipality were conducted in all local municipalities within the district. The roadshows were scheduled as per the scheduled as below:

Mamausa Local Municipality	24 April 2013
Lekwa Teemane Local Municipality	24 April 2013
Kagisano Local Municipality	25 April 2013
Naledi Local Municipality	02 May 2013
Greater Taung Local Municipality	26 April 2013

The budget will furthermore be submitted in print and electronically to the Provincial and National Treasury and will be availed to all the interested stakeholders on request from the Municipality.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as a method to plan future developments in their areas and to find long term plans for future development goals.

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities policies and strategies and the Municipality's responses to these requirements:

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality

must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives

2.2.1 The Municipality's Priorities and linkages to the IDP.

The municipality's 2013/2014 IDP has identified the following district-wide needs as identified and consolidated from the various local municipality developmental priorities for the MTREF period:

- Water and Sanitation
- Land and Human Settlements
- Job creation as a cross cutting dimension
- Roads and Stormwater
- Nodal Urban Renewal Programme
- Electricity/Street Lights
- Recreational/Social Amenities
- Refuse Removal
- Community Hall
- Financial Viability
- Aging Municipal assets (Machinery)

Prioritised needs for the district municipality of for the 2013/2014 financial year:

- Water
- Roads
- Solid Waste Management (Refuse Removal)
- Recreational/Social Amenities

The district IDP priorities are aligned to the national development plans.

Table 16 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Service Delivery and Infrastructure development	To eradicate backlogs in order to improve access to services and ensure proper operations and maintenance		217,862	163,760	400,557	89,211	87,800	87,539	141,292	111,915	130,909
Public participation and good governance	To promote a culture of participatory and good governance.		17,531	20,456	23,419	26,355	26,355	26,355	31,027	32,665	34,008
Institutional development and transformation	To improve organisational cohesion and effectiveness		21,695	22,501	31,127	26,175	26,469	26,889	32,485	33,029	36,819
Financial Viability	To improve overall financial management in the municipalities by developing and implementing appropriate financial management policies, procedures and systems		8,796	13,966	17,683	11,741	12,601	12,585	47,473	12,819	14,059
Local Economic Development, Tourism and Agriculture	Create an environment that promotes the development of the local economy and facilitate job creation		14,131	20,028	20,302	19,930	19,930	19,930	21,134	21,471	19,611
Community Services and Development	Environmental Health Fire and Disaster Management Solid waste management systems		19,784	26,178	24,237	39,247	40,364	40,364	36,252	36,469	41,485
Total Revenue (excluding capital transfers and contributions)			299,799	266,891	517,324	212,658	213,518	213,661	309,664	248,368	276,891

Table 17 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Service Delivery and Infrastructure development	To eradicate backlogs in order to improve access to services and ensure proper operations and maintenance		128,589	120,616	139,798	120,222	141,776	148,891	146,701	140,082	169,582
Public participation and good governance (Internal Audit, Office of the Mayor, Office of the Speaker)	To promote a culture of participatory and good governance.		11,355	14,234	16,747	19,788	15,967	15,572	20,162	21,301	22,451
Institutional development and transformation (Corporate Services, PMS and IDP)	To improve organisational cohesion and effectiveness		43,277	36,490	55,560	35,684	36,480	29,662	49,143	50,255	53,270
Financial Viability	To improve overall financial management in the municipalities by developing and implementing appropriate financial management policies, procedures and systems		6,216	7,307	7,739	17,514	8,447	8,236	10,496	11,063	11,649
Local Economic Development, Tourism and Agriculture	Create an environment that promotes the development of the local economy and facilitate job creation		32,617	17,285	45,716	28,307	62,537	37,374	-	-	-
Community Services and Development	Environmental Health Fire and Disaster Management Solid waste management systems		28,525	29,246	26,808	31,214	27,223	25,877	34,837	35,894	34,610
TOTAL			250,581	225,179	292,368	252,729	292,430	265,612	261,339	258,595	291,563

Table 18 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Service Delivery and Infrastructure development	To eradicate backlogs in order to improve access to services and ensure proper operations and maintenance		99,078	134,520	29,088	255,867	239,334	255,869	191,195	133,092	142,743
Public participation and good governance (Internal Audit, Office of the Mayor, Office of the Speaker)	To promote a culture of participatory and good governance.		115	225	353	235	230	250	311	75	20
Institutional development and transformation (Corporate Services, PMS and IDP)	To improve organisational cohesion and effectiveness		95	2,663	297	480	505	760	745	95	-
Financial Viability	To improve overall financial management in the municipalities by developing and implementing appropriate financial management policies, procedures and systems		100	235	355	95	95	110	95	115	-
Local Economic Development, Tourism and Agriculture	Create an environment that promotes the development of the local economy and facilitate job creation		45	2	113	55	55	55	100	40	-
Community Services and Development	Environmental Health Fire and Disaster Management Solid waste management systems		3,378	1,643	4,721	6,173	6,153	6,173	340	80	-
Total Capital Expenditure			102,811	139,287	34,927	262,905	246,372	263,217	192,786	133,497	142,763

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

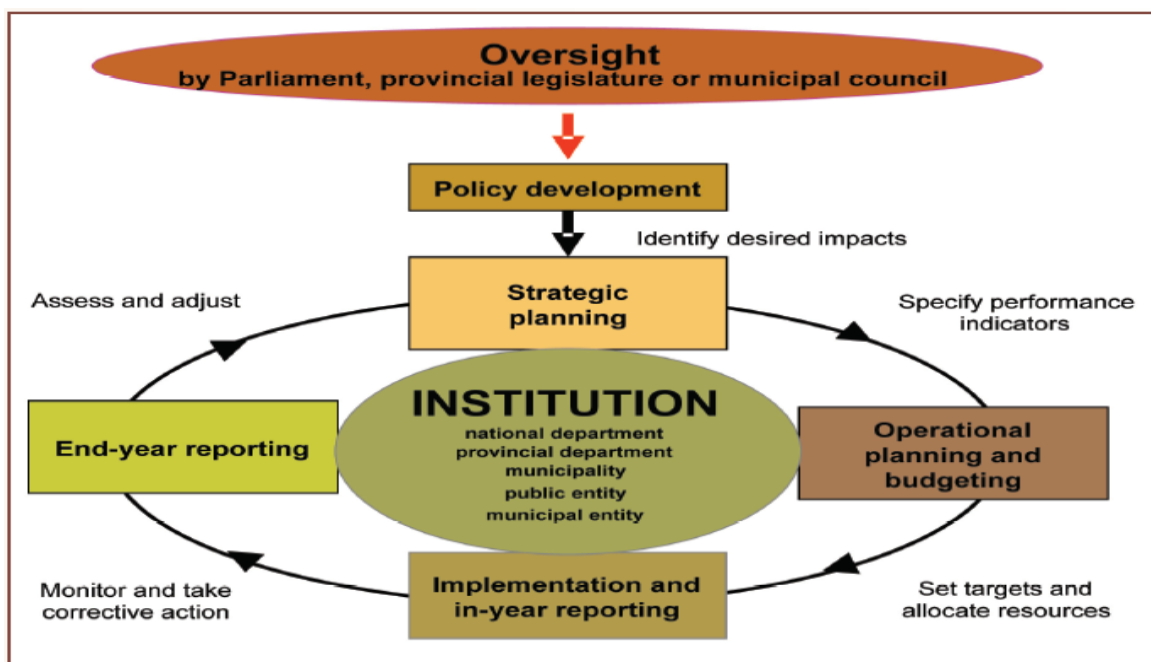


Figure 3 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by district municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

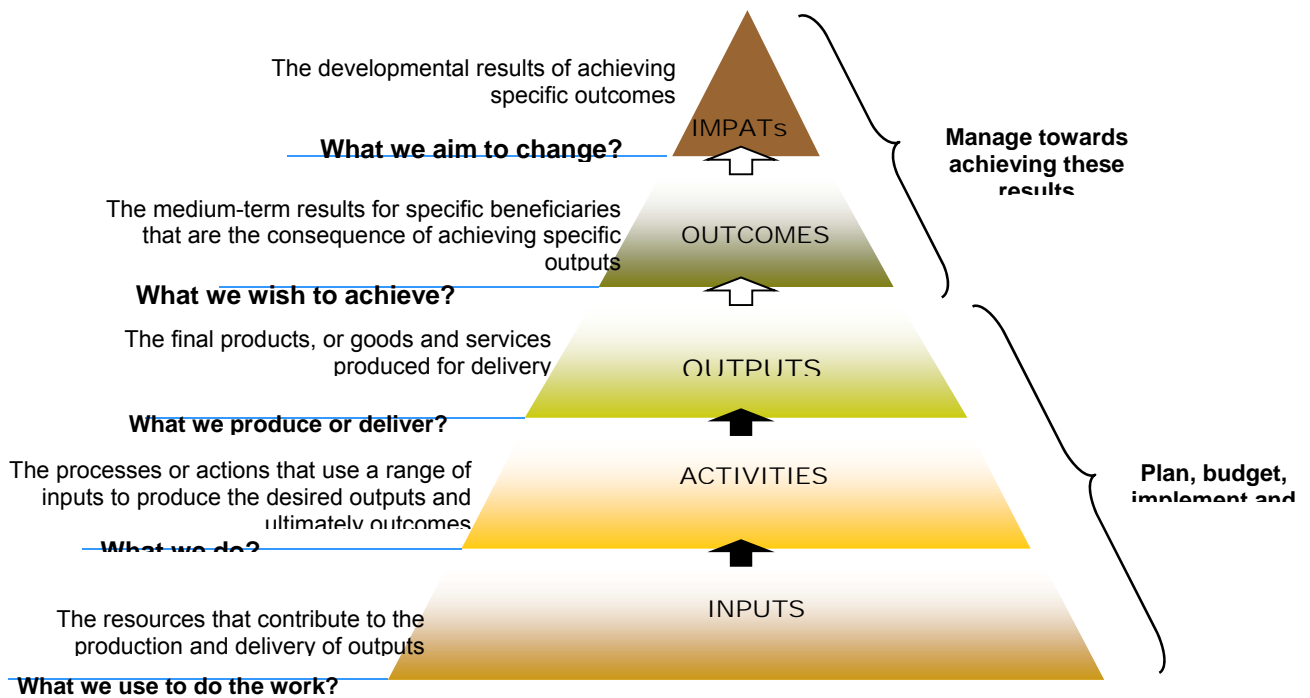


Figure 4 Definition of performance information concepts

The Performance Management System happens in parallel with the budget implementation, the processes feeding each other and continuously interacting. It provides significant information and analysis to inform the Municipality and relevant stakeholders how well the Municipality is doing. Importantly it helps the Municipality to assess its developmental priorities and improve its performance.

Table SA7 of the Municipal Budget and Reporting Regulations summarises the measurable performance objectives objectives of a municipality. However, this information is not available at this stage because the Service Delivery and Budget Implementation plans are not yet prepared. The information will be included once the SDBIP has been approved.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year. The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.3%	0.0%	0.5%	0.0%	0.0%	0.0%	0.1%	0.3%	0.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.7%	-11.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	0.8	0.9	1.0	1.5	2.1	2.8	1.0	1.0	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.8	0.9	1.0	1.5	2.1	2.8	1.0	1.0	1.0
Liquidity Ratio	Monetary Assets/Current Liabilities	0.3	0.5	0.3	1.1	1.7	2.4	0.5	0.5	0.5
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		103.7%	47.7%	102.2%	100.0%	100.0%	0.0%	0.0%	48.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			100.0%	47.7%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors to Cash and Investments		214.8%	149.9%	194.9%	13.1%	8.1%	5.8%	82.9%	84.9%	77.8%
<u>Other Indicators</u>										
Employee costs	Employee costs/(Total Revenue - capital revenue)	16.0%	21.9%	13.0%	36.0%	35.9%	35.8%	28.3%	37.2%	35.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	17.8%	21.4%	12.3%	51.5%	48.4%	48.4%	43.8%	57.1%	53.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.7%	1.0%	0.4%	1.2%	0.8%	0.8%	0.7%	0.9%	1.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.6%	14.3%	9.4%	1.8%	1.8%	1.8%	2.6%	3.4%	3.2%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	2.2	1.8	1.7	1.3	1.3	1.3	37.2	14.5	9.7
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.3	2.9	2.9	10.4	15.0	21.1	5.6	5.6	5.3

Table 19 MBRR Table SA8 - Performance indicators and benchmark**2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and the following related policies:

2.4.1 The Budget Control Policy

The objective of the budget policy is to set out:

The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget;

The responsibilities of the executive mayor, the accounting officer, the Chief Financial Officer and other senior managers in compiling the budget; and

To establish and maintain procedures to ensure adherence to Dr Ruth S Mompoti District Municipality's IDP review and budget processes.

2.5 Overview of budget assumptions**2.5.1 External factors**

The following factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration.

2.5.2 Salary Increases

The municipality took into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 per cent for the 2013/14 financial year. The agreement also provides for a 1 per cent increase for the 2014/15 financial year.

2.5.3 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to

ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions.

In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

Table 20 Breakdown of the Operating Revenue over the medium term

Description	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework							
		Original Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
R thousand									
Revenue By Source									
Rental of facilities and equipment	594	0%	600	0%	606	0%	612	0%	
Interest earned - external investments	2,190	1%	3,320	1%	2,257	1%	1,757	1%	
Interest earned - outstanding debtors	–	0%	–	–	–	0%	–	0%	
Transfers recognised - operational	209,603	99%	225,666	73%	222,838	90%	259,926	94%	
Other revenue	271		80,078	26%	22,667	9%	14,596	5%	
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)	212,658	100%	309,664		248,368		276,891		
				100%		100%		100%	
Total Expenditure	252,728		261,339		258,642		291,571		
Surplus/(Deficit)	(40,071)		48,325		(10,274)		(14,680)		

It is clear that the municipality's revenue resources are not sufficient to cover the operations in the two outer years of the MTREF, because there above table presents a deficit in 2014/2015 and 2015/2016.

Investment revenue contributes minimally to the revenue base of the municipality with a budget allocation of R3 million, R2 million and R1 million for the respective three financial years of the

2013/14 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The table below provides detail investment information:

Table 21 MBRR SA15 – Detail Investment Information

Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Parent municipality									
Deposits - Bank	17,298	32,185	36,184	38,374	39,184	39,516	42,836	45,093	46,850
Municipality sub-total	17,298	32,185	36,184	38,374	39,184	39,516	42,836	45,093	46,850
Consolidated total:	17,298	32,185	36,184	38,374	39,184	39,516	42,836	45,093	46,850

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

	2012/13 R '000	Approved budget 2013/14 R '000	Indicative budget 2014/15 R '000	Indicative budget 2015/16 R '000
Equitable Share	209,603	225,666	222,838	259,926
Municipal Infrastructure Grant	135,806	120,739	132,737	142,443
DWA Grant	228,392	9,300	6,578	10,500
Municipal Systems Improvement Grant	1,000	890	934	967
Finance Management Grant	1,250	1,250	1,250	1,250
Department of Transport Grant	3,463	1,914	2,225	2,275
MWIG	-	8,700	-	-
EPWP Incentive Grant	6,153	1,668	-	2,966
Total	585,667	370,127	366,562	420,326

Table 22 Sources of capital revenue over the MTREF

The above table is graphically represented as follows for the 2013/14 financial year.

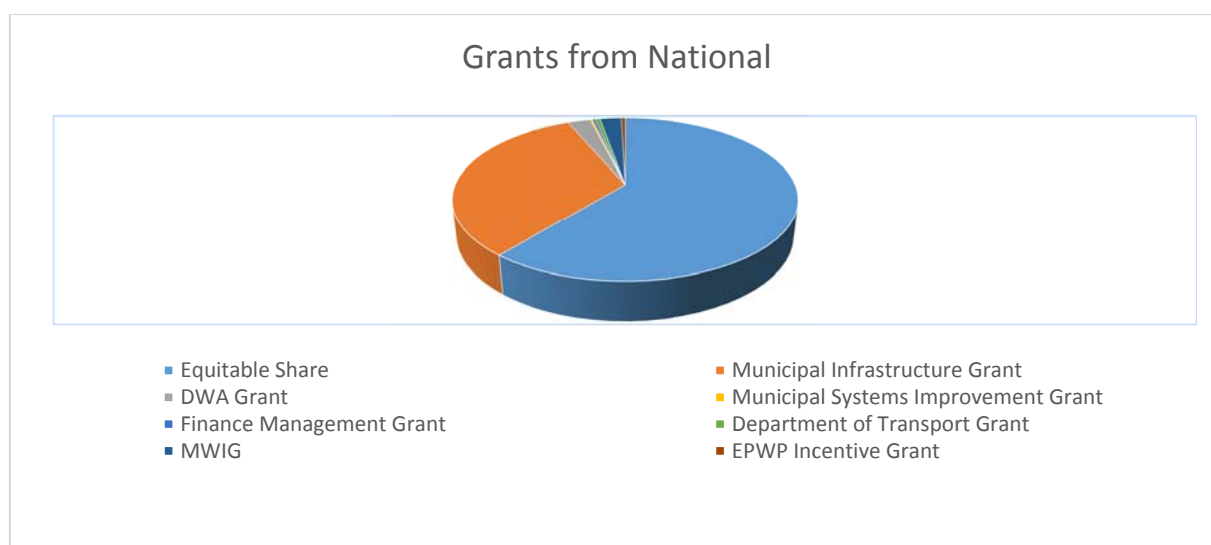


Figure 2 Sources of capital revenue for the 2011/12 financial year

Capital grants and receipts equates to 81.5 per cent of the total revenue which represents R370,127m for the 2013/14 financial year and decreased in 2014/2015 to R366,562m and to R420,326 in 2015/2016.

Table 23 MBRR Table SA 18 - Capital transfers and grant receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:									
Operating Transfers and Grants									
National Government:	134,148	167,146	190,097	214,203	214,203	211,853	229,474	225,906	263,183
Local Government Equitable Share	132,663	165,396	188,347	209,603	209,603	209,603	225,666	223,722	260,966
Municipal Systems Improvement	735	750	750	1,000	1,000	1,000	890	934	967
Finance Management	750	1,000	1,000	1,250	1,250	1,250	1,250	1,250	1,250
EPWP Incentive	-	-	-	2,350	2,350		1,668	-	-
Total Operating Transfers and Grants	134,148	167,146	190,097	214,203	214,203	211,853	229,474	225,906	263,183
Capital Transfers and Grants									
National Government:	91,894	39,385	116,008	364,198	364,198	284,120	140,653	141,540	155,218
Municipal Infrastructure Grant (MIG)	91,894	39,385	84,452	135,806	135,806	135,806	120,739	132,737	142,443
Rural Transport Services and Infrastructure							1,914	2,225	2,275
Other capital transfers/grants [insert description]			31,557	228,392	228,392	148,313	18,000	6,578	10,500
Total Capital Transfers and Grants	91,894	39,385	116,008	364,198	364,198	284,120	140,653	141,540	155,218
TOTAL RECEIPTS OF TRANSFERS & GRANTS	226,042	206,531	306,105	578,401	578,401	495,973	370,127	367,446	418,401

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term.

The cash flow as presented in MBRR Table A7 above shows a positive cash balance at the end of 2013/2014, and throughout the MTEF. This means that the municipality will for the MTREF period not need any bank overdraft to finance their operations.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 24 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures	–	–									
Cash/cash equivalents at the year end - R'000	18(1)b	1	21,813	33,516	27,432	119,084	191,500	196,061	109,867	107,253	117,081
Cash + investments at the yr end less applications - R'000	18(1)b	2	(25,398)	(23,653)	(52,193)	55,511	135,654	9,405	75,523	43,247	(108,455)
Cash year end/monthly employee/supplier payments	18(1)b	3	1.3	2.9	1.7	10.4	15.0	15.4	5.6	5.6	5.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(112,292)	(54,932)	(100,026)	(40,071)	(77,451)	(77,307)	48,325	(10,274)	(14,680)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	100.0%	77.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	1949.6%	156.4%	1785.1%	53.9%	53.9%	53.9%	53.3%	66.0%	65.4%
Capital payments % of capital expenditure	18(1)c;19	8	122.5%	53.4%	795.8%	30.5%	32.5%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	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.	(34.3%)	337.3%	(55.7%)	0.0%	0.0%	138.2%	5.4%	5.4%
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%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A positive cash position, for each year of the MTREF would generally be a minimum requirement, but as clearly depicted above, the municipality is running into a negative cash position.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 25 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	134,148	167,146	190,387	218,006	218,006	218,006	229,474	225,906	263,183
Local Government Equitable Share	132,663	165,396	188,347	209,603	209,603	209,603	225,666	223,722	260,966
Municipal Systems Improvement	735	750	790	1,000	1,000	1,000	890	934	967
Finance Management	750	1,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250
EPWP Incentive	-	-	-	6,153	6,153	6,153	1,668	-	-
Total operating expenditure of Transfers and Grants:	134,148	167,146	190,387	218,006	218,006	218,006	229,474	225,906	263,183
<u>Capital expenditure of Transfers and Grants</u>									
National Government:	-	39,385	84,452	135,806	135,806	135,806	140,653	141,540	155,218
Municipal Infrastructure Grant (MIG)		39,385	84,452	135,806	135,806	135,806	120,739	132,737	142,443
Rural Transport Services and Infrastructure							1,914	2,225	2,275
Other capital transfers/grants [insert description]							18,000	6,578	10,500
Total capital expenditure of Transfers and Grants	-	39,385	84,452	135,806	135,806	135,806	140,653	141,540	155,218
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	134,148	206,531	274,839	353,812	353,812	353,812	370,127	367,446	418,401

2.8 Councillor and employee benefits

Table 26 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	2,181	1,319	2,658	3,019	3,019	3,019	3,165	3,336	3,517
Pension and UIF Contributions	327	348	466	453	453	453	523	551	581
Medical Aid Contributions	121	115	83	76	76	76	75	79	83
Motor Vehicle Allowance	545	578	696	755	755	755	791	834	879
Cellphone Allowance	41	55	60	-	-	-	-	-	-
Housing Allowances	461	521	654	729	729	729	769	811	854
Other benefits and allowances	104	1,209	335	295	295	295	248	261	275
Sub Total - Councillors	3,781	4,144	4,954	5,326	5,326	5,326	5,572	5,872	6,190
% increase		9.6%	19.6%	7.5%	-	-	4.6%	5.4%	5.4%
Senior Managers of the Municipality									
Basic Salaries and Wages	4,620	5,258	4,709	4,886	4,886	4,886	6,285	6,523	6,823
Pension and UIF Contributions	589	624	662	751	751	751	1,149	1,193	1,248
Medical Aid Contributions	147	156	165	1,651	1,651	1,651	20	20	21
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	620	650	800	950	950	950	1,478	1,534	1,605
Motor Vehicle Allowance	871	954	721	800	800	800	1,571	1,631	1,706
Cellphone Allowance	10	12	14	20	20	20	20	20	21
Housing Allowances	1,000	1,200	1,300	1,450	1,450	1,450	1,468	1,524	1,594
Other benefits and allowances	4,190	7,344	5,948	13,346	15,997	15,997	438	455	476
Payments in lieu of leave	200	211	215	266	266	266	242	251	262
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	12,247	16,409	14,534	24,120	26,771	26,771	12,670	13,151	13,756
% increase		34.0%	(11.4%)	66.0%	11.0%	-	(52.7%)	3.8%	4.6%
Other Municipal Staff									
Basic Salaries and Wages	21,684	22,752	25,505	30,612	30,612	30,612	44,375	46,873	46,903
Pension and UIF Contributions	3,799	3,988	4,886	5,705	5,705	5,705	8,274	8,740	8,743
Medical Aid Contributions	1,586	1,666	1,651	2,612	2,612	2,612	2,869	3,030	3,196
Overtime	750	800	812	1,722	1,722	1,722	1,491	1,575	1,661
Performance Bonus	-	-	-	-	-	-	-	-	3,702
Motor Vehicle Allowance	5,589	6,900	7,950	6,050	6,050	6,050	9,038	9,547	10,027
Cellphone Allowance	50	100	150	150	150	150	174	183	193
Housing Allowances	450	481	489	504	504	504	599	633	843
Other benefits and allowances	822	4,170	10,231	10,703	10,703	10,703	6,147	6,571	6,213
Payments in lieu of leave	850	900	920	945	945	945	1,693	1,789	1,788
Long service awards	100	150	266	302	302	302	183	194	204
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	35,680	41,907	52,860	59,304	59,304	59,304	74,843	79,135	83,472
% increase		17.5%	26.1%	12.2%	0.0%	-	26.2%	5.7%	5.5%
Total Parent Municipality	51,708	62,460	72,348	88,751	91,401	91,401	93,084	98,158	103,418
TOTAL SALARY, ALLOWANCES & BENEFITS	51,708	62,460	72,348	88,751	91,401	91,401	93,084	98,158	103,418
% increase		20.8%	15.8%	22.7%	3.0%	-	1.8%	5.5%	5.4%
TOTAL MANAGERS AND STAFF	51,708	62,460	72,348	88,751	91,401	91,401	93,084	98,158	103,418

Table 27 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2011/12			Current Year 2012/13			Budget Year 2013/14		
	Position s	Permane nt employee s	Contract employee s	Position s	Permane nt employee s	Contract employee s	Position s	Permane nt employee s	Contract employee s
Municipal Council and Boards of Municipal Entities Councillors (Political Office Bearers plus Other Councillors)	30	7	23	29	7	22	32	7	25
Municipal employees Municipal Manager and Senior Managers	9	–	9	9	–	9	9	–	9
Other Managers	13	13	–	15	15	–	19	19	19
Professionals	54	54	–	86	86	–	105	105	4
<i>Finance</i>							14	14	–
<i>Spatial/town planning</i>									
<i>Information Technology</i>									
<i>Other</i>	54	54	–	86	86	–	87	87	–
Technicians	–	–	–	–	–	–	–	–	–
<i>Finance</i>									
<i>Information Technology</i>									
Clerks (Clerical and administrative)	46	43	–	61	61	–	66	66	–
Skilled agricultural and fishery workers									
Craft and related trades									
Elementary Occupations									
TOTAL PERSONNEL NUMBERS	152	117	32	200	169	31	231	197	57
% increase				31.6%	44.4%	(3.1%)	15.5%	16.6%	83.9%
Total municipal employees headcount									
Finance personnel headcount									
Human Resources personnel headcount									

2.9 Monthly targets for revenue and expenditure

Table 28 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source															
Rental of facilities and equipment	50	50	50	50	50	50	50	50	50	50	50	50	600	606	612
Interest earned - external investments	277	277	277	277	277	277	277	277	277	277	277	277	3,320	2,257	1,757
Transfers recognised – operational	–	–	–	–	80,944	–	–	75,222	–	–	–	69,500	225,666	222,838	259,926
Other revenue	38	38	38	38	38	38	38	38	38	38	38	79,660	80,078	22,667	14,596
Total Revenue (excluding capital transfers and contributions)	365	365	365	365	81,309	365	365	75,587	365	365	365	149,487	309,664	248,368	276,891
Expenditure By Type															
Employee related costs	7,078	7,078	7,078	7,078	10,617	7,078	7,078	7,078	7,078	7,078	7,078	6,117	87,514	92,286	97,229
Remuneration of councillors	464	464	464	464	464	696	464	464	464	464	464	232	5,572	5,872	6,190
Debt impairment	27	27	27	34	27	27	34	27	40	27	27	(0)	320	400	400
Depreciation & asset impairment	315	315	315	315	315	315	315	315	315	315	632	4,214	7,996	8,427	8,882
Finance charges	6	6	6	6	6	6	12	6	6	6	6	(0)	70	74	78
Bulk purchases	4,430	4,430	4,430	4,430	4,430	4,430	4,430	4,430	4,430	4,430	4,430	4,430	53,160	52,118	54,933
Other materials	186	186	186	186	186	186	186	186	186	186	186	186	2,229	2,239	2,688
Contracted services	587	587	587	587	587	587	587	587	587	587	587	3,977	10,434	8,291	8,375
Transfers and grants	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828	11,853	64,963	59,762	82,659
Other expenditure	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,875	29,082	29,173	30,138
Total Expenditure	20,303	20,303	20,303	20,310	23,842	20,535	20,316	20,303	20,316	20,303	20,620	33,884	261,339	258,642	291,571
Surplus/(Deficit)	(19,939)	(19,939)	(19,939)	(19,946)	57,467	(20,171)	(19,952)	55,284	(19,952)	(19,939)	(20,256)	115,603	48,325	(10,274)	(14,680)

Table 29 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand															
Revenue by Vote															
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	1,277	1,277	1,277	1,277	1,277	1,277	1,277	1,277	1,277	1,277	1,277	1,877	15,920	16,779	17,686
Vote 2 - OFFICE OF THE SPEAKER	384	384	384	384	384	384	384	384	384	384	384	384	4,612	4,823	4,674
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER	354	354	354	354	354	354	354	354	354	354	354	354	4,242	4,521	4,766
Vote 4 - INTERNAL AUDIT	878	878	878	878	878	878	878	878	878	878	878	837	10,496	11,063	11,649
Vote 5 - BUDGET AND TREASURY OFFICE	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	35,737	48,723	14,069	15,309
Vote 6 - CORPORATE SERVICES	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	3,678	24,063	24,108	27,568
Vote 7 - IDP/PIMS	352	352	352	352	352	352	352	352	352	352	352	1,202	5,070	5,334	5,453
Vote 8 - ENVIRONMENTAL HEALTH	696	696	696	696	696	696	696	696	696	696	696	975	8,634	9,089	9,547
Vote 9 - FIRE AND DISASTER MANAGEMENT	2,089	2,089	2,089	2,089	2,089	2,089	2,089	2,089	2,089	2,089	2,089	4,643	27,618	27,380	31,938
Vote 10 - ENGINEERING	9,355	9,355	9,355	9,355	9,355	9,355	9,355	9,355	9,355	9,355	9,355	180,708	283,613	253,455	286,127
Vote 12 - ECONOMIC DEVELOPMENT TOURISM AND AGRICULTURE	1,697	1,697	1,697	1,697	1,697	1,697	1,697	1,697	1,697	1,697	1,697	2,468	21,134	21,471	19,611
Total Revenue by Vote	20,115	20,115	20,115	20,115	20,115	20,115	20,115	20,115	20,115	20,115	20,115	232,862	454,125	392,092	434,326
Expenditure by Vote to be appropriated															
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,785	15,920	16,779	17,686
Vote 2 - OFFICE OF THE SPEAKER	386	386	386	386	386	386	386	386	386	386	386	366	4,612	4,823	4,674
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER	354	354	354	354	354	354	354	354	354	354	354	354	4,242	4,521	4,766
Vote 4 - INTERNAL AUDIT	878	878	878	878	878	878	878	878	878	878	878	835	10,496	11,063	11,649
Vote 5 - BUDGET AND TREASURY OFFICE	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	4,842	18,012	18,941	18,944
Vote 6 - CORPORATE SERVICES	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	5,345	26,519	26,491	29,652
Vote 7 - IDP/PIMS	353	353	353	353	353	353	353	353	353	353	353	1,187	5,070	5,334	5,453
Vote 8 - ENVIRONMENTAL HEALTH	697	697	697	697	697	697	697	697	697	697	697	964	8,634	9,089	9,547
Vote 9 - FIRE AND DISASTER MANAGEMENT	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	5,862	29,515	31,093	31,604
Vote 10 - ENGINEERING	9,378	9,378	9,378	9,378	9,378	9,378	9,378	9,378	9,378	9,378	9,378	14,034	117,186	108,989	137,978
Vote 11 - PMU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - ECONOMIC DEVELOPMENT TOURISM AND AGRICULTURE	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	2,430	21,134	21,471	19,611
Total Expenditure by Vote	20,303	20,303	20,303	20,303	20,303	20,303	20,303	20,303	20,303	20,303	20,303	38,003	261,339	258,595	291,563
Surplus/(Deficit) before capital expenditure	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	194,859	192,786	133,497	142,763

Table 30 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

.Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue – Standard															
<i>Governance and administration</i>	6,999	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	(91,686)	108,056	75,363	81,650
Executive and council	2,939	19,195	19,195	19,195	19,195	19,195	19,195	19,195	19,195	19,195	19,195	(159,621)	35,270	37,186	38,774
Budget and treasury office	4,060	79	79	79	79	79	79	79	79	79	79	43,871	48,723	14,069	15,309
Corporate services												24,063	24,063	24,108	27,568
<i>Community and public safety</i>	-	-	-	-	-	-	-	-	-	-	-	27,618	27,618	27,380	31,938
Public safety												27,618	27,618	27,380	31,938
<i>Economic and environmental services</i>	-	-	-	-	-	-	-	-	-	-	-	34,837	34,837	35,894	34,610
Planning and development												26,203	26,203	26,805	25,063
Environmental protection												8,634	8,634	9,089	9,547
<i>Trading services</i>	23,634	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	249,690	283,613	253,455	286,127
Water	23,634	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	249,690	283,613	253,455	286,127
Total Revenue – Standard	30,634	20,303	20,303	20,303	20,303	20,303	20,303	20,303	20,303	20,303	20,303	220,459	454,125	392,092	434,326
Expenditure – Standard															
<i>Governance and administration</i>	4,440	6,025	6,025	6,025	6,025	6,025	6,025	6,025	6,025	6,025	6,025	15,111	79,801	82,619	87,370
Executive and council	2,939	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	(8,670)	35,270	37,187	38,774
Budget and treasury office	1,501	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	(2,739)	18,012	18,941	18,944
Corporate services	-	-	-	-	-	-	-	-	-	-	-	26,519	26,519	26,491	29,652
<i>Community and public safety</i>	2,460	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	5,553	29,515	31,093	31,604
Public safety	2,460	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	5,553	29,515	31,093	31,604
<i>Economic and environmental services</i>	719	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	17,115	34,837	35,894	34,610
Planning and development												26,203	26,203	26,805	25,063
Environmental protection	719	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	(9,089)	8,634	9,089	9,547
<i>Trading services</i>	9,766	9,378	9,378	9,378	9,378	9,378	9,378	9,378	9,378	9,378	9,378	13,646	117,186	108,989	137,978
Water	9,766	9,378	9,378	9,378	9,378	9,378	9,378	9,378	9,378	9,378	9,378	13,646	117,186	108,989	137,978
Total Expenditure – Standard	17,385	19,253	19,253	19,253	19,253	19,253	19,253	19,253	19,253	19,253	19,253	51,424	261,339	258,595	291,563
Surplus/(Deficit)	13,249	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	169,035	192,786	133,497	142,763

Table 31 MBRR SA29 - Budgeted monthly capital expenditure (standard)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Capital Expenditure - Standard</u>																
<i>Governance and administration</i>	93	93	93	93	93	93	93	93	93	93	93	114	1,131	265	20	
Executive and council	29	29	29	29	29	29	29	29	29	29	29	30	351	75	20	
Budget and treasury office	8	8	8	8	8	8	8	8	8	8	8	8	95	115	-	
Corporate services	55	55	55	55	55	55	55	55	55	55	55	75	685	75	-	
<i>Community and public safety</i>	28	12	12	12	12	12	12	12	12	12	12	195	340	80	-	
Public safety	6	6	6	6	6	6	6	6	6	6	6	6	70	40	-	
Health	23	6	6	6	6	6	6	6	6	6	6	189	270	40	-	
<i>Economic and environmental services</i>		22,812		22,812	22,812		22,812	22,812	22,812		22,812	31,634	191,315	133,152	142,743	
Planning and development	22,812	22,812	22,812	22,812	22,812	22,812	22,812	22,812	22,812	22,812	22,812	(59,613)	191,315	133,152	142,743	
Total Capital Expenditure - Standard	121	22,916	104	22,916	22,916	104	22,916	22,916	22,916	104	22,916	31,942	192,786	133,497	142,763	

Table 32 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source																
Rental of facilities and equipment	50	50	50	50	50	50	50	50	50	50	50	50	600	606	612	
Interest earned - external investments	277	277	277	277	277	277	277	277	277	277	277	277	3,320	2,257	1,757	
Transfer receipts - operational	75,222	-	-	-	75,222	-	-	75,222	-	-	-	-	225,666	223,444	260,538	
Other revenue	38	79,660	38	38	38	38	38	38	38	38	38	38	80,078	22,667	14,596	
Cash Receipts by Source	75,587	79,987	365	365	75,587	365	365	75,587	365	365	365	365	309,664	248,974	277,503	
Other Cash Flows by Source																
Transfer receipts - capital	36,115	-	-	-	36,115	-	-	36,115	-	-	-	36,116	144,461	143,724	157,435	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	(17,533)	(17,533)	(12,000)	(58)	
Total Cash Receipts by Source	111,702	79,987	365	365	111,702	365	365	111,702	365	365	365	18,948	436,592	380,698	434,880	
Cash Payments by Type																
Employee related costs	7,078	7,078	7,078	7,078	10,617	7,078	7,078	7,078	7,078	7,078	7,078	6,117	87,514	92,286	97,229	
Remuneration of councillors	464	464	464	464	464	696	464	464	464	464	464	232	5,572	5,872	6,190	
Finance charges	6	6	6	6	6	6	6	6	6	6	4	6	70	74	78	
Bulk purchases - Water & Sewer	4,430	4,430	4,430	4,430	4,430	4,430	4,430	4,430	4,430	4,430	4,430	4,430	53,160	52,118	54,933	
Other materials	186	186	186	186	186	186	186	186	186	186	186	187	2,229	2,239	2,688	
Contracted services	870	870	870	870	870	870	870	870	870	870	870	870	10,434	8,291	8,375	
Transfers and grants - other			16,000			16,000		16,000		16,000		16,963	64,963	59,762	82,659	
Other expenditure	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,382	2,875	29,082	29,173	30,138	
Cash Payments by Type	15,416	15,416	31,416	15,416	18,955	31,648	15,416	15,416	31,416	15,416	15,414	31,679	253,023	249,815	282,289	
Other Cash Flows/Payments by Type																
Capital assets		-			51,744			55,283				85,759	192,786	133,450	142,755	
Total Cash Payments by Type	15,416	15,416	31,416	15,416	70,699	31,648	15,416	70,699	31,416	15,416	15,414	117,438	445,809	383,265	425,044	
NET INCREASE/(DECREASE) IN CASH HELD	96,286	64,571	(31,051)	(15,051)	41,003	(31,283)	(15,051)	41,003	(31,051)	(15,051)	(15,049)	(98,490)	(9,217)	(2,567)	9,836	
Cash/cash equivalents at the month/year begin:	119,085	215,371	279,942	248,890	233,839	274,842	243,558	228,507	269,510	238,458	223,407	208,358	119,085	109,868	107,301	
Cash/cash equivalents at the month/year end:	215,371	279,942	248,890	233,839	274,842	243,558	228,507	269,510	238,458	223,407	208,358	109,868	109,868	107,301	117,137	

2.10 Contracts having future budgetary implications

No contracts are awarded beyond the medium-term revenue and expenditure framework (three years).

2.11 Capital expenditure details

A detailed capital expenditure budget for 2013/2014 is presented in Appendix A of this document.

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.

2. Budget and Treasury Office

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

3. Audit Committee

An Audit Committee has been established and is fully functional.

4. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised and submitted to both provincial and national treasury.

2.13 Municipal manager’s quality certificate

DR RUTH S. MOMPATI DISTRICT MUNICIPALITY

MUNICIPAL MANAGER’S QUALITY CERTIFICATE

I **ZEBO EDWIN LESEGO TSHETLHO**, Municipal Manager of Dr Ruth S Mompati District Municipality, hereby certify that the Draft Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Draft Annual Budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: ZEBO EDWIN LESEGO TSHETLHO

Municipal Manager of Dr Ruth S Mompati District Municipality

Signature: _____

Date: _____

PART 3 - APPENDICES AND OTHER SUPPORTING DOCUMENTATION

3.1 CAPITAL PROGRAMS DETAILS	APPENDIX A
3.2 LED PROJECTS	APPENDIX B
3.3 BUDGET RELATED POLICIES.....	APPENDIX C
3.4 COUNCIL RESOLUTION	APPENDIX D