

ANNUAL BUDGET OF  
WEST RAND DISTRICT MUNICIPALITY



2014/15 TO 2016/17  
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

## **Table of Contents**

<b>PART 1- ANNUAL BUDGET.....</b>	<b>3</b>
1.2 COUNCIL RESOLUTION.....	3
1.3 EXECUTIVE SUMMARY.....	5
1.4 OPERATING REVENUE FRAMEWORK.....	7
1.5 OPERATING EXPENDITURE FRAMEWORK.....	10
1.6 CAPITAL EXPENDITURE.....	13
1.7 ANNUAL BUDGET TABLES.....	14
<b>PART 2- SUPPORTING DOCUMENTATION.....</b>	<b>31</b>
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	31
2.2 OVERVIEW OF THE BUDGET RELATED POLICIES.....	33
2.3 OVERVIEW OF THE BUDGET ASSUMPTIONS.....	33
2.4 OVERVIEW OF THE ALIGNMENT OF THE BUDGET AND IDP.....	35
2.5 MEASURABLE PERFORMANCE OBJECTIVES .....	35
2.6 OTHER INFORMATION (MBRR SCHEDULE A SA1-SA37).....	36
2.7 LEGISLATION COMPLIANCE .....	37
<b>ANNEXURES</b>	
3.1 A SCHEDULES	
3.2 BUDGET RELATED POLICIES	

## **Part 1 – Annual Budget**

### **1.1 Mayor’s Report**

The Executive Mayors’ report on the budget will be tabled separately by the Executive Mayor during the Municipal Council meeting.

### **1.2 Council Resolutions**

The Council of WRDM will meet on 29 May 2014 in the Imbizo Council Chamber where the Executive Mayor tables the 2014/15 Budget and Medium Term Revenue and Expenditure Framework (MTREF) for consideration for adoption by Council in terms of section 24(1) of the Municipal Finance Management Act (56 of 2003). Council Resolutions to the effect will be as follows.

Resolved that:

1. The Consolidated Annual Operating and Capital Budget of the West Rand District Municipality and West Rand Development Agency for the financial year 2014/2015, and indicative amounts for the two projected outer years of 2015/2016 and 2016/2017 be approved as contained in the following attached schedules:

Operating revenue by standard classification, reflected in Table A2;  
Operating expenditure by standard classification, reflected in Table A2;  
Capital expenditure by standard classification, reflected in Table A5; and  
Capital funding by source, reflected in Table A5;

2. Cognizance is taken of the annual budgeted information for the 2014/2015 financial year and two projected outer years as contained in:

Budget summary: Table A1;  
Budgeted financial performance (Municipal vote): Table A3;  
Budgeted financial performance (Revenue/Expenditure): Table A4;  
Budgeted financial position: Table A6;  
Budgeted cash flows: Table A7;  
Reserves and surplus reconciliation: Table A8; and  
Asset Management: Table A9;

3. The local municipalities be requested to contribute an amount of R500 000 each towards Transformation Committee;

4. The annual budget of the WRDM for the 2014/2015 financial year, be placed on the WRDM website and be forwarded to all relevant stakeholders as prescribed by the MFMA;
5. Cognizance is taken of the budget related policies attached as annexure to the report;
6. An amount of R20 million is utilised from accumulated funds in order to achieve a balanced budget;
7. No additional posts to be filled or created in the structure of the WRDM after the budget has been approved as the Employee Related Costs post a serious concern to the financial viability to the municipality.
8. The Shared Services functions( Legal, Finance, Supply Chain Management and Internal Audit) be implemented with the personnel being transferred to the local municipalities to reduce the support services burden costs in the WRDM
9. The Demarcation Board be consulted on the review of the service delivery functions in terms of section 85 (2) (a) of the local Government Municipal Structures Act, 1998(No. 117 of 1998)

### 1.3 Executive Summary

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

National Treasury's MFMA Circular No. 51, 54, 55, 58, 66, 67, 70 and 72 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects
- Unfunded mandates that stretched the budget
- Depletion of our cash backed resources

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the request from Departments based on the five year plan adopted by council and 2012/13 audited outcome on certain line items.
- **In MFMA Circular No. 70 municipalities were strongly advised to take note of the Cabinet resolution of 23 October 2013 by which all national and provincial departments, constitutional institutions and all public entities are required to implement cost containment measures with effect of January 2014. The cost containment measures must be implemented to eliminate waste, reprioritize spending and ensure savings on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering and event costs as well as costs for accommodation. Municipalities were subsequently strongly urged to take note of the cost containment measures as approved by**

**Cabinet and align their budgeting policies to these guidelines to the maximum extent possible.**

- Division of revenue bill was also taken into consideration in terms of establishing how much has been Gazetted to be received by the WRDM.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2014/15 MTREF**

DESCRIPTION	2012/2013 Audited Outcome	Adjustment Budget 2013/2014	Budget Year 2014/2015	Budget Year + 1 2015/2016	Budget Year +2 2016/2017
Total Operating Revenue	239,598,246	276,406,630	287,987,002	283,278,568	292,630,702
Total Operating Expenditure	275,490,733	273,430,859	282,901,232	302,245,225	319,904,338
<b>Surplus/(Deficit)</b>	<b>(35,892,487)</b>	<b>2,975,771</b>	<b>5,085,770</b>	<b>(18,966,657)</b>	<b>(27,273,636)</b>
Total Capital Expenditure	7,898,836.00	2,975,771.04	5,085,771	3,885,771	2,000,000.00

Total operating revenue has grown by 4% or R11, 580 Million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue has decreased by 2 % and subsequently increased by 3% respectively. This is a as a result of the municipality depleting its own cash backed reserves in the 2014/15 financial year end to balance the budget.

Total operating expenditure for the 2014/15 financial year has been appropriated at R 282, 901 Million and translates into a budgeted surplus of R5, 086 million which will be used to fund capital budget. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 3% in the 2014/15 budget and by 6% and 6% for each of the respective outer years of the MTREF.

The capital budget of R5, 086 Million for 2014/15 has increased by 41% when compared to the 2013/14 Adjustment Budget. The increase is due to the provision of Fire Engines to the Value of R 3,885 Million, ICT Equipment's to the value of R200, 000 and New Telephone Management System to the value of R1, 000,000. The capital budget programme decreased by R1, 200, 000 in the 2015/16 financial year and then evens out in 2016/17 to R2 Million. All the capital budgets are funded from internal generated funds.

## 1.4 Operating Revenue Framework

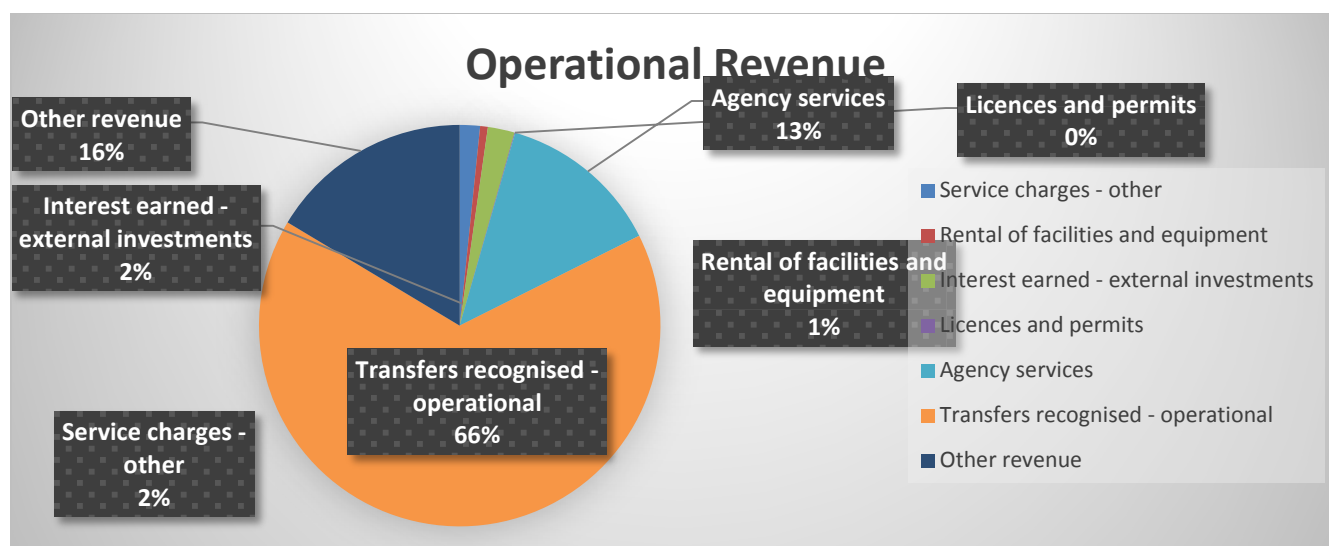
For West Rand District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue and or require more grants from national and provincial government. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with financial sustainability problem. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices and unpopular decisions have to be made in relation to the reduction of Employee related costs and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

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

DC48 West Rand - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	2,705	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other		4,887	3,399	2,972	3,800	4,080	4,080	4,080	4,683	4,941	5,212
Rental of facilities and equipment		1,473	1,565	1,710	-	1,413	1,413	1,413	1,783	1,882	1,985
Interest earned - external investments		9,171	6,558	5,664	3,500	5,101	5,101	5,101	6,193	6,558	6,566
Interest earned - outstanding debtors		84	275	-	-	144	144	144	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-
Licences and permits		128	155	183	-	147	147	147	159	168	177
Agency services		30,633	31,934	24,838	-	35,834	35,834	35,834	37,789	39,792	41,981
Transfers recognised - operational		176,644	178,093	180,319	220,433	185,205	185,205	185,205	190,259	201,217	206,429
Other revenue	2	2,189	3,804	23,912	31,255	44,483	44,483	44,483	47,120	28,722	30,281
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>227,914</b>	<b>225,785</b>	<b>239,598</b>	<b>258,988</b>	<b>276,407</b>	<b>276,407</b>	<b>276,407</b>	<b>287,987</b>	<b>283,279</b>	<b>292,631</b>



**Table 3 Percentage growth in revenue by main revenue source**

DC48 West Rand - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)								
Description	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Service charges - other	4,079,922	1%	4,683,020	2%	4,940,586	2%	5,212,319	2%
Rental of facilities and equipment	1,413,443	1%	1,783,431	1%	1,881,520	1%	1,985,003	1%
Interest earned - external investments	5,100,567	2%	6,193,454	2%	6,558,346	2%	6,565,926	2%
Interest earned - outstanding debtors	143,595	0%	-	0%	-	0%	-	0%
Licences and permits	147,386	0%	158,876	0%	167,615	0%	176,833	0%
Agency services	35,834,000	13%	37,789,000	13%	39,792,000	14%	41,980,560	14%
Transfers recognised - operational	185,205,142	67%	190,259,000	66%	201,217,000	71%	206,427,000	71%
Other revenue	44,482,576	16%	47,120,220	16%	28,721,502	10%	30,280,875	10%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>276,406,630</b>	<b>100%</b>	<b>287,987,002</b>	<b>100%</b>	<b>283,278,568</b>	<b>100%</b>	<b>292,628,517</b>	<b>100%</b>
<b>Total revenue from services charges</b>	<b>4,079,922</b>	<b>1%</b>	<b>4,683,020</b>	<b>2%</b>	<b>4,940,586</b>	<b>2%</b>	<b>5,212,319</b>	<b>2%</b>

**In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.**

- **Services Charges:** The main components of revenue from service charges are the rendering of ambulance and fire services and the sale of electricity to tenants.
- **Rental of Facilities:** Expected revenue for 2014/2015 amounts to R1, 783 million of which the rental of shops (R1, 250 million) is the biggest contributor.
- **Interest earned External Investment:** This source of revenue refers to interest earned on the investment of surplus cash. Interest earned, compared



to the adjustments budget for 2013/2014 has increased. An amount of R6,193 million is provided.

- **Agency Services:** This source of revenue refers to the ambulance services grant received from provincial department for emergency and medical services. The grant has increased to R 37,789 million as compared to the adjustment budget.
  
- **Transfers recognized:** Operating grants and transfers totals R190, 259 million in the 2014/15 financial year and steadily increases to R206, 427 Million by 2016/17. Note that the increase in 2014/15 Financial year increased by 3 % as compared to the 2013/14 Adjustment budget. The other outer two years has increased by 6% and 3% respectively. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term

**Table 4 Operating Transfers and Grant Receipts**

DC48 West Rand - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		170,575	163,292	172,409	177,727	178,227	178,227	182,713	193,188	197,852
Local Government Equitable Share		26,732	24,469	25,024	26,452	26,452	26,452	27,825	30,673	30,430
RSC Levy Replacement		133,727	131,770	141,879	146,135	146,135	146,135	150,519	154,249	158,599
Finance Management		1,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,300
Municipal Systems Improvement		1,026	800	1,480	890	890	890	934	967	1,018
EPWP Incentive		-		1,035	1,000	1,000	1,000	1,290		
Other transfers/grants [insert description]		8,091	5,003	1,740	2,000	2,500	2,500	895	6,049	6,505
Provincial Government:		6,069	14,801	7,910	42,706	6,978	6,978	7,546	8,029	8,575
Health subsidy		1,771		5,853	6,072	6,088	6,088	6,376	6,713	7,069
Ambulance subsidy				-	35,834					
Sport and Recreation			571			870	870	500	646	800
Other transfers/grants [insert description]		4,299	14,231	2,057	800	20	20	670	670	706
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	176,645	178,093	180,319	220,433	185,205	185,205	190,259	201,217	206,427

## 1.5 Operating Expenditure Framework

The District expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is according to the needs of the community e.g. Fire Engines

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

**Table 5 Summary of operating expenditure by standard classification item**

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type										
Employee related costs	132,551,079	136,519,363	153,171,664	159,201,137	153,085,542	153,085,542	153,085,542	185,702,975	197,559,699	210,166,198
Remuneration of councillors	7,051,588	7,548,651	7,989,002	9,353,167	10,229,023	10,229,023	10,229,023	12,106,915	12,767,859	13,464,954
Debt impairment	-	2,303,280	17,110,226	-	-	-	-	-	-	-
Depreciation & asset impairment	10,214,353	12,863,009	13,512,111	8,886,500	9,211,564	9,211,564	9,211,564	9,164,764	9,169,494	9,224,824
Finance charges	1,192,607	939,711	729,083	3,696,000	1,072,000	1,072,000	1,072,000	403,036	425,203	448,589
Bulk purchases	-	-	-	-	-	-	-	-	-	-
Other materials										
Contracted services	7,159	-	-	-	-	-	-	-	-	-
Transfers and grants	18,381,473	13,783,071	-	4,394,200	4,394,200	4,394,200	4,394,200	4,394,200	4,394,200	4,394,200
Other expenditure	59,372,721	67,032,401	82,978,646	68,097,767	95,438,529	95,438,529	95,438,529	71,129,341	77,928,770	82,205,572
Loss on disposal of PPE		899,265								
Total Expenditure	228,770,980	241,888,751	275,490,732	253,628,771	273,430,859	273,430,859	273,430,859	282,901,231	302,245,226	319,904,337

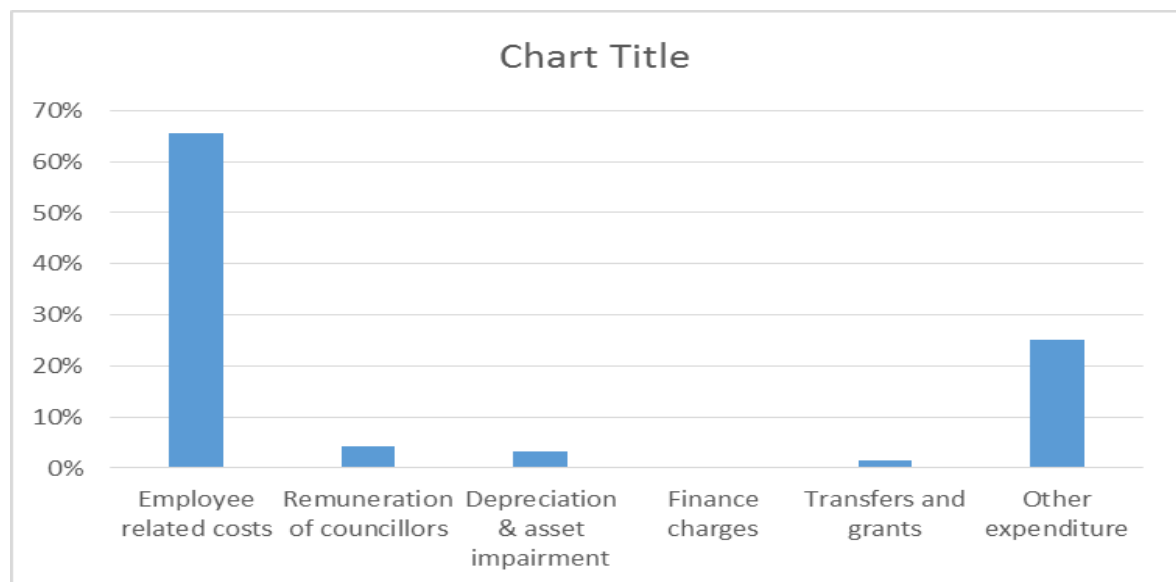
- **Employee Related Costs:** The budgeted allocation for employee related costs for the 2014/15 financial year totals R185, 702 Million, which equals 65.80% of the total operating expenditure. Employee related will overall increase by 18%, of which 6.79% is for multi-year salary and wage collective agreement for the period of 1 July 2012 to 30 June 2015 general increase whilst 6.61% is for notch bonus, long services awards, leave payments and other new public safety staff to be employed as a results of new four shift system introduced. The agreement provides for a wage increase based on the average CPI for the 1 February 2013 until 31 January 2014, plus 1% for the 2014/15 financial year, the average CPI as per circular 72 is 5.79%.

An annual increase of 6.40% has been included in the two outer years of the MTREF respectively. As part of the district cost reprioritization all the vacant posts will not be filled in 2014/15 Financial year end.

- **Remuneration of councilors:** the cost associated with the remuneration of councilors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the remuneration of Public Office

Bearers Act. Provision for Remuneration of Councilors is again as per the requirements of Circular 67 which refers to implementation of upper limits of councilors.

- **Depreciation and Impairment of Assets:** 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. Budget appropriations in this regard total R9, 164 million for the 2014/15 financial and equates to 3% of the total operating expenditure.
- **Finance Charges:** This provision is for servicing the current external loan of the WRDM taken up from the Development Bank of South Africa which is redeemable by 30 September 2014.
- **Other General Expenses:** Other main components of general expenditure amounts to R71, 129 million and represents 25% of total operating expenditure for the 2014/2015 financial year. Detailed information on other general expenditure is provided in Supporting Table SA1 attached as annexure.



## 1.6 Capital expenditure

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

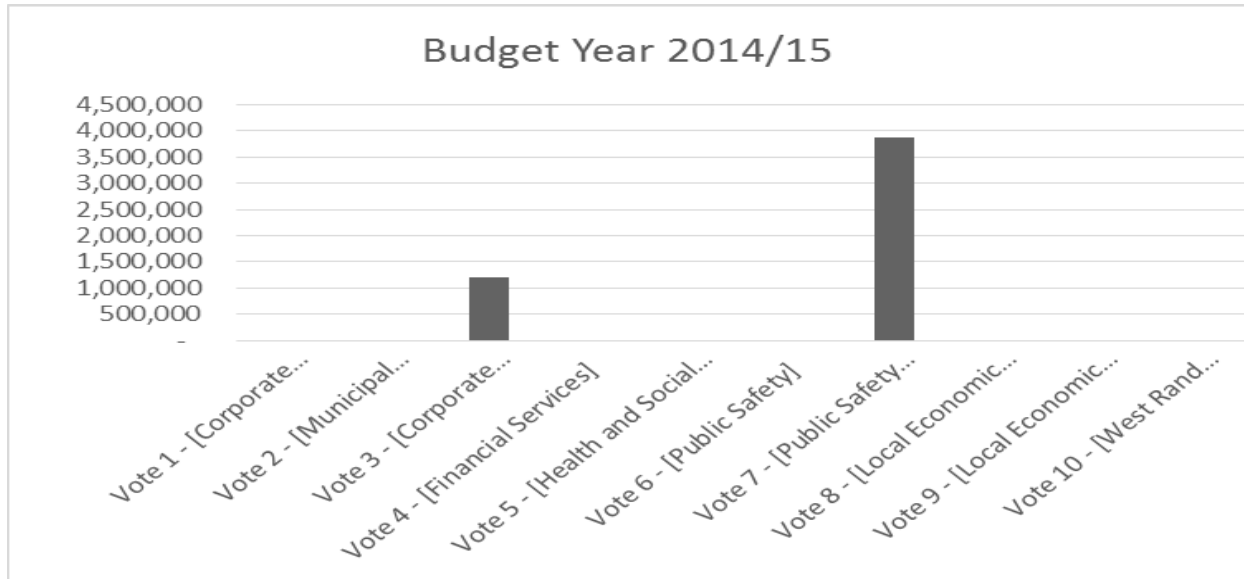
**Table 6 2014/15 Medium-term capital budget per vote**

	Adjusted Budget		Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17
Vote 1 - [Corporate governance]	200,000	7%	-	0%	-	0%	-
Vote 2 - [Municipal Manager Support]	-	0%	-	0%	-	0%	-
Vote 3 - [Corporate Support Services]	100,000	3%	1,200,000	24%	-	0%	-
Vote 4 - [Financial Services]	-	0%	-	0%	-	0%	-
Vote 5 - [Health and Social Development]	-	0%	-	0%	-	0%	-
Vote 6 - [Public Safety]	1,885,770	63%	-	0%	-	0%	-
Vote 7 - [Public Safety Continue]	-	0%	3,885,771	76%	3,885,771	100%	2,000,000
Vote 8 - [Local Economic and Regional Development, Technical Services]	-	0%	-	0%	-	0%	-
Vote 9 - [Local Economic and Regional Development, Technical Services continue]	-	0%	-	0%	-	0%	-
Vote 10 - [West Rand Development Agency]	790,000	27%	-	0%	-	0%	-
<b>Total Capital Expenditure - Vote</b>	<b>2,975,770</b>	<b>100%</b>	<b>5,085,771</b>	<b>100%</b>	<b>3,885,771</b>	<b>100%</b>	<b>2,000,000</b>

The capital budget projects identified as per the request of the departments is as follows:

Fire Engines	R3 885 771
ICT Equipment's	R 200 000
Telephone Management System	R1 000 000
<b>TOTAL</b>	<b>R5 085 771</b>

The following graph provides a breakdown of the capital budget spent and to be spent on the MTREF 2014/15



### 1.7 Annual Budget Tables - WRDM

The following 16 pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. Each table is accompanied by *explanatory notes* on the facing page.

## Table 7 MBRR Table A1 - Budget Summary

DC48 West Rand - Table A1 Consolidated Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	2,705	-	-	-	-	-	-	-	-	-
Service charges	4,887	3,399	2,972	3,800	4,080	4,080	4,080	4,683	4,941	5,212
Investment revenue	9,171	6,558	5,664	3,500	5,101	5,101	5,101	6,193	6,558	6,566
Transfers recognised - operational	176,644	178,093	180,319	220,433	185,205	185,205	185,205	190,259	201,217	206,429
Other own revenue	34,507	37,735	50,643	31,255	82,021	82,021	82,021	86,852	70,563	74,423
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>227,914</b>	<b>225,785</b>	<b>239,598</b>	<b>258,988</b>	<b>276,407</b>	<b>276,407</b>	<b>276,407</b>	<b>287,987</b>	<b>283,279</b>	<b>292,631</b>
Employee costs	132,551	136,519	153,172	159,201	153,086	153,086	153,086	185,703	197,560	210,166
Remuneration of councillors	7,052	7,549	7,989	9,353	10,229	10,229	10,229	12,107	12,768	13,465
Depreciation & asset impairment	10,214	12,863	13,512	8,887	9,212	9,212	9,212	9,165	9,169	9,225
Finance charges	1,193	940	729	3,696	1,072	1,072	1,072	403	425	449
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	18,381	13,783	-	4,394	4,394	4,394	4,394	4,394	4,394	4,394
Other expenditure	59,380	70,235	100,089	68,098	95,439	95,439	95,439	71,129	77,929	82,206
<b>Total Expenditure</b>	<b>228,771</b>	<b>241,889</b>	<b>275,491</b>	<b>253,629</b>	<b>273,431</b>	<b>273,431</b>	<b>273,431</b>	<b>282,901</b>	<b>302,245</b>	<b>319,904</b>
<b>Surplus/(Deficit)</b>	<b>(857)</b>	<b>(16,104)</b>	<b>(35,892)</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>(18,967)</b>	<b>(27,274)</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(857)</b>	<b>(16,104)</b>	<b>(35,892)</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>(18,967)</b>	<b>(27,274)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(857)</b>	<b>(16,104)</b>	<b>(35,892)</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>(18,967)</b>	<b>(27,274)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>7,588</b>	<b>8,225</b>	<b>7,899</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>3,886</b>	<b>2,000</b>
Transfers recognised - capital	7,588	8,225	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	7,899	5,360	2,976	2,976	2,976	5,086	3,886	2,000
<b>Total sources of capital funds</b>	<b>7,588</b>	<b>8,225</b>	<b>7,899</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>3,886</b>	<b>2,000</b>
<b>Financial position</b>										
Total current assets	143,959	117,503	94,349	73,450	94,349	94,349	94,349	102,494	88,811	68,762
Total non current assets	103,635	99,829	93,926	79,546	93,926	93,926	93,926	88,054	82,570	75,145
Total current liabilities	59,558	33,118	33,266	22,321	33,266	33,266	33,266	29,369	23,898	21,698
Total non current liabilities	9,541	47,957	54,839	5,529	54,839	54,839	54,839	54,839	51,080	49,080
Community wealth/Equity	178,496	136,257	100,170	125,145	100,170	100,170	100,170	106,339	96,403	73,129
<b>Cash flows</b>										
Net cash from (used) operating	9,700	(8,622)	(12,905)	5,360	31,509	31,509	31,509	14,251	(9,797)	(18,049)
Net cash from (used) investing	(52,001)	(6,953)	(5,738)	(19,633)	(2,976)	(2,976)	(2,976)	(5,086)	(3,886)	(2,000)
Net cash from (used) financing	(4,187)	(6,381)	1,782	(3,696)	(3,696)	(3,696)	(3,696)	(1,020)	-	-
<b>Cash/cash equivalents at the year end</b>	<b>121,470</b>	<b>99,514</b>	<b>82,652</b>	<b>(60,468)</b>	<b>82,653</b>	<b>82,653</b>	<b>82,653</b>	<b>90,797</b>	<b>77,114</b>	<b>57,066</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	125,158	101,775	82,948	61,285	82,948	82,948	82,948	91,093	77,410	57,361
Application of cash and investments	(61,036)	15,437	22,017	4,272	12,893	12,893	12,893	8,976	6,976	4,976
<b>Balance - surplus (shortfall)</b>	<b>186,194</b>	<b>86,338</b>	<b>60,931</b>	<b>57,013</b>	<b>70,055</b>	<b>70,055</b>	<b>70,055</b>	<b>82,117</b>	<b>70,434</b>	<b>52,385</b>
<b>Asset management</b>										
Asset register summary (WDV)	102,835	98,702	93,085	79,332	93,085	93,085	87,213	87,213	81,729	74,304
Depreciation & asset impairment	10,214	12,863	13,512	8,887	9,212	9,212	9,165	9,165	9,169	9,225
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	3,639	2,258	2,366	1,565	-	-	2,487	2,487	2,627	2,910
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

## **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the District 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 to be approved by District for operating performance, financial position, cash and funding compliance.
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.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor.



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

DC48 West Rand - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		150,178	145,738	198,750	209,267	214,350	214,350	222,989	213,237	218,806
Executive and council		141,980	668	1,068	16,104	17,854	17,854	20,934	967	1,020
Budget and treasury office		8,198	145,070	194,148	190,567	193,807	193,807	198,837	208,754	213,959
Corporate services		-	-	3,535	2,596	2,688	2,688	3,218	3,515	3,827
<i>Community and public safety</i>		64,717	65,077	33,666	46,203	46,201	46,201	48,782	51,376	54,168
Community and social services		-	-	-	3,214	3,214	3,214	-	-	-
Sport and recreation		29,948	223	-	-	-	-	-	-	-
Public safety		740	13,830	2,107	2,697	1,894	1,894	2,266	2,391	2,523
Housing		-	-	-	-	-	-	-	-	-
Health		34,029	51,024	31,559	40,292	41,093	41,093	46,515	48,985	51,645
<i>Economic and environmental services</i>		13,019	14,970	7,182	3,518	15,856	15,856	16,216	18,666	19,657
Planning and development		13,019	14,470	7,182	3,518	15,856	15,856	16,216	18,666	19,657
Road transport		-	500	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	227,914	225,785	239,598	258,988	276,407	276,407	287,987	283,279	292,631
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		86,496	74,989	111,583	88,041	99,190	99,190	105,677	111,546	117,718
Executive and council		49,857	28,656	47,530	39,414	50,123	50,123	43,829	46,127	48,561
Budget and treasury office		36,639	46,333	29,791	17,176	17,565	17,565	22,534	23,861	25,229
Corporate services		-	-	34,262	31,451	31,502	31,502	39,314	41,558	43,928
<i>Community and public safety</i>		106,669	121,018	137,442	137,170	137,022	137,022	147,225	156,125	165,677
Community and social services		-	-	21,172	13,243	24,836	24,836	27,790	29,462	31,234
Sport and recreation		50,479	1,854	-	-	-	-	-	-	-
Public safety		18,732	69,421	60,708	6,933	51,009	51,009	83,877	88,956	94,457
Housing		-	-	-	-	-	-	-	-	-
Health		37,459	49,743	55,561	116,993	61,177	61,177	35,558	37,707	39,985
<i>Economic and environmental services</i>		35,606	45,882	26,466	28,418	37,219	37,219	29,999	34,573	36,509
Planning and development		30,427	36,388	26,466	28,418	37,219	37,219	29,999	34,573	36,509
Road transport		5,179	9,493	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	228,771	241,889	275,491	253,629	273,431	273,431	282,901	302,245	319,904
<b>Surplus/(Deficit) for the year</b>		(857)	(16,104)	(35,892)	5,360	2,976	2,976	5,086	(18,967)	(27,274)

**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

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

DC48 West Rand - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		R thousand								
<b>Revenue by Vote</b>	1									
Vote 1 - [Corporate governance]		147,101	(832)	-	16,104	17,854	17,854	20,000	-	-
Vote 2 - [Municipal Manager Support]		-	1,797	1,068	-	-	-	934	967	1,020
Vote 3 - [Corporate Support Services]		-	2,807	4,398	2,596	2,688	2,688	3,218	3,515	3,827
Vote 4 - [Financial Services]		8,198	155,927	192,259	190,567	193,807	193,807	198,837	208,754	213,959
Vote 5 - [Health and Social Development]		32,053	34,769	31,559	40,292	38,893	38,893	44,515	46,875	49,419
Vote 6 - [Public Safety]		19,296	12,285	1,726	5,911	7,308	7,308	2,762	2,914	3,074
Vote 7 - [Public Safety Continue]		-	-	1,206	-	-	-	1,505	1,588	1,675
Vote 8 - [Local Economic and Regional Development]		14,950	12,239	1,273	3,000	3,520	3,520	1,565	4,515	4,727
Vote 9 - [Local Economic and Regional Development]		201	489	3,383	210	810	810	1,600	328	346
Vote 10 - [West Rand Development Agency]		6,114	6,304	2,726	308	11,526	11,526	13,051	13,823	14,583
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>227,914</b>	<b>225,785</b>	<b>239,598</b>	<b>258,988</b>	<b>276,407</b>	<b>276,407</b>	<b>287,987</b>	<b>283,279</b>	<b>292,631</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - [Corporate governance]		26,002	30,656	40,721	30,069	30,870	30,870	29,802	31,277	32,840
Vote 2 - [Municipal Manager Support]		8,205	9,295	11,204	11,426	19,253	19,253	12,721	13,486	14,297
Vote 3 - [Corporate Support Services]		26,434	35,393	35,126	31,451	31,502	31,502	39,314	41,558	43,928
Vote 4 - [Financial Services]		9,175	18,127	28,975	17,176	17,565	17,565	22,534	23,861	25,229
Vote 5 - [Health and Social Development]		34,203	42,875	55,948	119,311	61,214	61,214	36,505	38,690	41,005
Vote 6 - [Public Safety]		39,690	54,472	73,693	17,130	68,166	68,166	97,767	103,789	110,184
Vote 7 - [Public Safety Continue]		43,930	4,469	8,625	6,492	7,642	7,642	12,853	13,541	14,378
Vote 8 - [Local Economic and Regional Development]		29,388	32,839	12,752	15,895	27,692	27,692	13,947	17,673	18,710
Vote 9 - [Local Economic and Regional Development]		5,387	6,788	7,675	1,158	1,284	1,284	8,159	8,616	9,101
Vote 10 - [West Rand Development Agency]		6,356	6,974	771	3,521	8,243	8,243	9,300	9,753	10,234
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>228,771</b>	<b>241,889</b>	<b>275,491</b>	<b>253,629</b>	<b>273,431</b>	<b>273,431</b>	<b>282,901</b>	<b>302,245</b>	<b>319,904</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(857)</b>	<b>(16,104)</b>	<b>(35,892)</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>(18,967)</b>	<b>(27,274)</b>

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

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

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

DC48 West Rand - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	2,705	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	1	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other		4,887	3,399	2,972	3,800	4,080	4,080	4,080	4,683	4,941	5,212
Rental of facilities and equipment		1,473	1,565	1,710	-	1,413	1,413	1,413	1,783	1,882	1,985
Interest earned - external investments		9,171	6,558	5,664	3,500	5,101	5,101	5,101	6,193	6,558	6,566
Interest earned - outstanding debtors		84	275	-	-	144	144	144	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-
Licences and permits		128	155	183	-	147	147	147	159	168	177
Agency services		30,633	31,934	24,838	-	35,834	35,834	35,834	37,789	39,792	41,981
Transfers recognised - operational		176,644	178,093	180,319	220,433	185,205	185,205	185,205	190,259	201,217	206,429
Other revenue	2	2,189	3,804	23,912	31,255	44,483	44,483	44,483	47,120	28,722	30,281
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>227,914</b>	<b>225,785</b>	<b>239,598</b>	<b>258,988</b>	<b>276,407</b>	<b>276,407</b>	<b>276,407</b>	<b>287,987</b>	<b>283,279</b>	<b>292,631</b>
<b>Expenditure By Type</b>											
Employee related costs	2	132,551	136,519	153,172	159,201	153,086	153,086	153,086	185,703	197,560	210,166
Remuneration of councillors		7,052	7,549	7,989	9,353	10,229	10,229	10,229	12,107	12,768	13,465
Debt impairment	3	-	2,303	17,110	-	-	-	-	-	-	-
Depreciation & asset impairment	2	10,214	12,863	13,512	8,887	9,212	9,212	9,212	9,165	9,169	9,225
Finance charges		1,193	940	729	3,696	1,072	1,072	1,072	403	425	449
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services	7	-	-	-	-	-	-	-	-	-	-
Transfers and grants		18,381	13,783	-	4,394	4,394	4,394	4,394	4,394	4,394	4,394
Other expenditure	4, 5	59,373	67,032	82,979	68,098	95,439	95,439	95,439	71,129	77,929	82,206
Loss on disposal of PPE		-	899	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>228,771</b>	<b>241,889</b>	<b>275,491</b>	<b>253,629</b>	<b>273,431</b>	<b>273,431</b>	<b>273,431</b>	<b>282,901</b>	<b>302,245</b>	<b>319,904</b>
<b>Surplus/(Deficit)</b>		<b>(857)</b>	<b>(16,104)</b>	<b>(35,892)</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>(18,967)</b>	<b>(27,274)</b>
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(857)</b>	<b>(16,104)</b>	<b>(35,892)</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>(18,967)</b>	<b>(27,274)</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(857)</b>	<b>(16,104)</b>	<b>(35,892)</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>(18,967)</b>	<b>(27,274)</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(857)</b>	<b>(16,104)</b>	<b>(35,892)</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>(18,967)</b>	<b>(27,274)</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>(857)</b>	<b>(16,104)</b>	<b>(35,892)</b>	<b>5,360</b>	<b>2,976</b>	<b>2,976</b>	<b>2,976</b>	<b>5,086</b>	<b>(18,967)</b>	<b>(27,274)</b>

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

1. Total revenue is R287,317 Million in 2014/15 and escalates to R287,904 Million by 2016/17. This represents a year-on-year increase of 4% per cent for the 2015/16 financial year and 3% for the 2016/17 financial year.
2. The main components of revenue from service charges are the rendering of ambulance, fire services and the sale of electricity to tenants. The budgeted revenue from this source for 2014/2015 amounts to R4 683 million.
3. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing over the MTREF.

Operating grants and subsidies represent the bulk (66%) of the revenue sources of the WRDM.

A breakdown of the grants and subsidies for 2014/2015 is as follows:

RSC Replacement Grant	R 150 519 000 (National)
Equitable Share Allocation	R 27 825 000 (National)
Library Networks	R 500 000 (Provincial)
HIV/Aids grant	R 6 637 000 (Provincial)
Department of Rural Deve	R 670 000 (Provincial)
M S I G	R 934 000 (National)
F M G	R 1 250 000 (National)
NDPG	R 895 000 (National)
EPWP	R 1 290 000 (National)
<b>Total</b>	<b><u>R 190 259 000</u></b>

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

DC48 West Rand - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	IRef	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>	1										
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - [Corporate governance]		857	1,138	-	-	-	-	-	-	-	-
Vote 2 - [Municipal Manager Support]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [Corporate Support Services]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [Financial Services]		1,559	2,152	-	-	-	-	-	-	-	-
Vote 5 - [Health and Social Development]		-	520	-	-	-	-	-	-	-	-
Vote 6 - [Public Safety]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [Public Safety Continue]		1,669	1,425	-	-	-	-	-	-	-	-
Vote 8 - [Local Economic and Regional Development]		3,503	2,991	-	-	-	-	-	-	-	-
Vote 9 - [Local Economic and Regional Development]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [West Rand Development Agency]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	7,588	8,225	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - [Corporate governance]		-	-	-	200	200	200	200	-	-	-
Vote 2 - [Municipal Manager Support]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [Corporate Support Services]		-	-	1,020	-	100	100	100	1,200	-	-
Vote 4 - [Financial Services]		-	-	1,901	-	-	-	-	-	-	-
Vote 5 - [Health and Social Development]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [Public Safety]		-	-	4,978	2,160	1,886	1,886	1,886	-	-	-
Vote 7 - [Public Safety Continue]		-	-	-	-	-	-	-	3,886	3,886	2,000
Vote 8 - [Local Economic and Regional Development]		-	-	-	3,000	-	-	-	-	-	-
Vote 9 - [Local Economic and Regional Development]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [West Rand Development Agency]		-	-	-	-	790	790	790	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		-	-	7,899	5,360	2,976	2,976	2,976	5,086	3,886	2,000
<b>Total Capital Expenditure - Vote</b>		7,588	8,225	7,899	5,360	2,976	2,976	2,976	5,086	3,886	2,000
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		2,416	3,289	2,921	200	300	300	300	1,200	-	-
Executive and council		857	1,138	-	200	200	200	200	-	-	-
Budget and treasury office		1,559	2,152	1,901	-	-	-	-	-	-	-
Corporate services		-	-	1,020	-	100	100	100	1,200	-	-
<b>Community and public safety</b>		1,669	1,945	4,978	2,160	1,886	1,886	1,886	3,886	3,886	2,000
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		1,669	1,425	4,978	2,160	1,886	1,886	1,886	3,886	3,886	2,000
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	520	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		3,503	2,991	-	-	790	790	790	-	-	-
Planning and development		3,462	2,956	-	-	790	790	790	-	-	-
Road transport		41	35	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	3,000	-	-	-	-	-	-
Electricity		-	-	-	3,000	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	7,588	8,225	7,899	5,360	2,976	2,976	2,976	5,086	3,886	2,000
<b>Funded by:</b>											
National Government		-	-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		7,588	8,225	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	7,588	8,225	-	-	-	-	-	-	-	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	7	-	-	7,899	5,360	2,976	2,976	2,976	5,086	3,886	2,000
<b>Total Capital Funding</b>	7	7,588	8,225	7,899	5,360	2,976	2,976	2,976	5,086	3,886	2,000

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

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



**Table 12 MBRR Table A6 - Budgeted Financial Position**

DC48 West Rand - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		4,717	99,514	82,653	61,285	82,653	82,653	82,653	90,797	77,114	57,066
Call investment deposits	1	120,441	2,261	295	-	295	295	295	295	295	295
Consumer debtors	1	-	-	-	-	-	-	-	-	-	-
Other debtors		18,088	14,978	10,752	11,534	10,752	10,752	10,752	10,752	10,752	10,752
Current portion of long-term receivables		16	124	-	43	-	-	-	-	-	-
Inventory	2	697	625	650	587	650	650	650	650	650	650
<b>Total current assets</b>		<b>143,959</b>	<b>117,503</b>	<b>94,349</b>	<b>73,450</b>	<b>94,349</b>	<b>94,349</b>	<b>94,349</b>	<b>102,494</b>	<b>88,811</b>	<b>68,762</b>
<b>Non current assets</b>											
Long-term receivables		800	727	841	214	841	841	841	841	841	841
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		3,200	3,400	3,400	3,418	3,400	3,400	3,400	3,400	3,400	3,400
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	99,459	95,074	87,534	75,727	87,534	87,534	87,534	82,505	77,222	69,997
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		176	117	307	188	307	307	307	307	307	307
Intangible		-	112	1,843	-	1,843	1,843	1,843	1,000	800	600
Other non-current assets		-	400	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>103,635</b>	<b>99,829</b>	<b>93,926</b>	<b>79,546</b>	<b>93,926</b>	<b>93,926</b>	<b>93,926</b>	<b>88,054</b>	<b>82,570</b>	<b>75,145</b>
<b>TOTAL ASSETS</b>		<b>247,594</b>	<b>217,332</b>	<b>188,275</b>	<b>152,995</b>	<b>188,275</b>	<b>188,275</b>	<b>188,275</b>	<b>190,548</b>	<b>171,381</b>	<b>143,907</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	4,913	2,984	4,816	6,301	4,816	4,816	4,816	4,816	1,545	1,545
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	37,952	25,709	24,466	16,020	24,466	24,466	24,466	20,569	18,569	16,569
Provisions		16,693	4,424	3,984	-	3,984	3,984	3,984	3,984	3,784	3,584
<b>Total current liabilities</b>		<b>59,558</b>	<b>33,118</b>	<b>33,266</b>	<b>22,321</b>	<b>33,266</b>	<b>33,266</b>	<b>33,266</b>	<b>29,369</b>	<b>23,898</b>	<b>21,698</b>
<b>Non current liabilities</b>											
Borrowing		9,541	5,266	5,539	5,529	5,539	5,539	5,539	5,539	3,779	3,779
Provisions		-	42,690	49,300	-	49,300	49,300	49,300	49,300	47,300	45,300
<b>Total non current liabilities</b>		<b>9,541</b>	<b>47,957</b>	<b>54,839</b>	<b>5,529</b>	<b>54,839</b>	<b>54,839</b>	<b>54,839</b>	<b>54,839</b>	<b>51,080</b>	<b>49,080</b>
<b>TOTAL LIABILITIES</b>		<b>69,098</b>	<b>81,075</b>	<b>88,105</b>	<b>27,850</b>	<b>88,105</b>	<b>88,105</b>	<b>88,105</b>	<b>84,208</b>	<b>74,978</b>	<b>70,778</b>
<b>NET ASSETS</b>	5	<b>178,496</b>	<b>136,257</b>	<b>100,170</b>	<b>125,145</b>	<b>100,170</b>	<b>100,170</b>	<b>100,170</b>	<b>106,339</b>	<b>96,403</b>	<b>73,129</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		119,330	130,106	94,941	63,481	94,941	94,941	94,941	101,111	91,174	67,901
Reserves	4	59,166	6,151	5,229	61,664	5,229	5,229	5,229	5,229	5,229	5,229
Minorities' interests		-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>178,496</b>	<b>136,257</b>	<b>100,170</b>	<b>125,145</b>	<b>100,170</b>	<b>100,170</b>	<b>100,170</b>	<b>106,339</b>	<b>96,403</b>	<b>73,129</b>

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

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for 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” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 12 is supported by an extensive table of notes SA3 which is attached as an annexure to this report providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 13 MBRR Table A7 - Budgeted Cash Flow Statement**

DC48 West Rand - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ralepayers and other		220,004	26,904	11,324	35,056	85,957	85,957	85,957	91,535	75,503	79,636
Government - operating	1	-	176,438	177,371	220,433	185,205	185,205	185,205	189,589	196,702	201,702
Government - capital	1	-	-	-	-	-	-	-	-	-	-
Interest		9,171	6,558	5,539	3,500	5,244	5,244	5,244	6,193	6,558	6,566
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(218,282)	(217,583)	(206,411)	(245,538)	(239,431)	(239,431)	(239,431)	(268,269)	(283,741)	(301,110)
Finance charges		(1,193)	(940)	(729)	(3,696)	(1,072)	(1,072)	(1,072)	(403)	(425)	(449)
Transfers and Grants	1	-	-	-	(4,394)	(4,394)	(4,394)	(4,394)	(4,394)	(4,394)	(4,394)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>9,700</b>	<b>(8,622)</b>	<b>(12,905)</b>	<b>5,360</b>	<b>31,509</b>	<b>31,509</b>	<b>31,509</b>	<b>14,251</b>	<b>(9,797)</b>	<b>(18,049)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	1,472	2,161	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		(570)	-	-	727	-	-	-	-	-	-
Decrease (increase) in non-current investments	1	(42,966)	-	-	(15,000)	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(8,465)	(8,425)	(7,899)	(5,360)	(2,976)	(2,976)	(2,976)	(5,086)	(3,886)	(2,000)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(52,001)</b>	<b>(6,953)</b>	<b>(5,738)</b>	<b>(19,633)</b>	<b>(2,976)</b>	<b>(2,976)</b>	<b>(2,976)</b>	<b>(5,086)</b>	<b>(3,886)</b>	<b>(2,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		(4,187)	(6,381)	1,782	(3,696)	(3,696)	(3,696)	(3,696)	(1,020)	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(4,187)</b>	<b>(6,381)</b>	<b>1,782</b>	<b>(3,696)</b>	<b>(3,696)</b>	<b>(3,696)</b>	<b>(3,696)</b>	<b>(1,020)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	1	<b>(46,488)</b>	<b>(21,956)</b>	<b>(16,861)</b>	<b>(17,969)</b>	<b>24,838</b>	<b>24,838</b>	<b>24,838</b>	<b>8,145</b>	<b>(13,683)</b>	<b>(20,049)</b>
Cash/cash equivalents at the year begin:	1 2	167,957	121,470	99,514	(42,499)	57,815	57,815	57,815	82,653	90,797	77,114
Cash/cash equivalents at the year end:	1 2	121,470	99,514	82,652	(60,468)	82,653	82,653	82,653	90,797	77,114	57,066

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

DC48 West Rand - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	121,470	99,514	82,652	(60,468)	82,653	82,653	82,653	90,797	77,114	57,066
Other current investments > 90 days		3,689	2,262	296	121,753	295	295	295	295	295	295
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>125,158</b>	<b>101,775</b>	<b>82,948</b>	<b>61,285</b>	<b>82,948</b>	<b>82,948</b>	<b>82,948</b>	<b>91,093</b>	<b>77,410</b>	<b>57,361</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		22,600	3,845	897	-	897	897	897	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(83,636)	11,592	21,120	4,272	11,996	11,996	11,996	8,976	6,976	4,976
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(61,036)</b>	<b>15,437</b>	<b>22,017</b>	<b>4,272</b>	<b>12,893</b>	<b>12,893</b>	<b>12,893</b>	<b>8,976</b>	<b>6,976</b>	<b>4,976</b>
<b>Surplus(shortfall)</b>		<b>186,194</b>	<b>86,338</b>	<b>60,931</b>	<b>57,013</b>	<b>70,055</b>	<b>70,055</b>	<b>70,055</b>	<b>82,117</b>	<b>70,434</b>	<b>52,385</b>

### **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.

### **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.

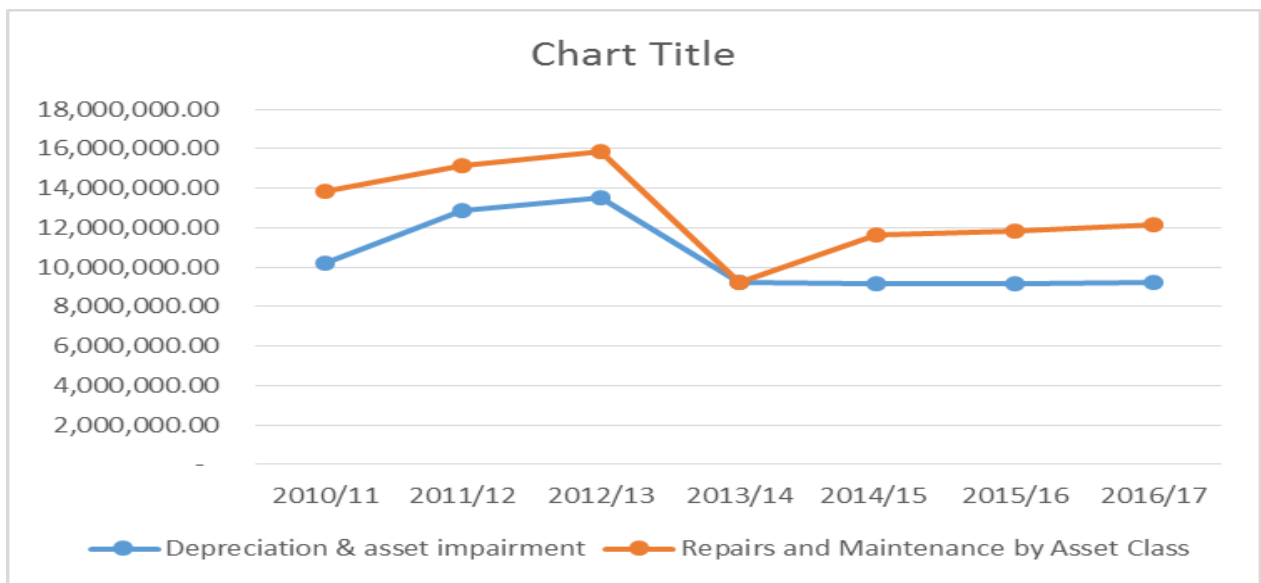
**Table 15 MBRR Table A9 - Asset Management**

DC48 West Rand - Table A9 Consolidated Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	7,588	8,225	7,899	5,360	2,976	2,976	5,086	3,886	2,000
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	3,000	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		2,370	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		2,370	-	-	3,000	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	5,218	8,225	5,998	2,360	2,976	2,976	5,086	3,886	2,000
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	1,901	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	3,000	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		2,370	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		2,370	-	-	3,000	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	5,218	8,225	5,998	2,360	2,976	2,976	5,086	3,886	2,000
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	1,901	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	7,588	8,225	7,899	5,360	2,976	2,976	5,086	3,886	2,000
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	-	-	-	4,147	-	-	-	-	-
Infrastructure - Electricity		-	535	508	-	508	508	555	555	555
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		19,305	53,628	49,644	39,166	53,528	53,528	48,923	44,317	39,758
Infrastructure		19,305	54,163	50,152	43,313	54,036	54,036	49,478	44,872	40,313
Community		81	8,587	8,196	-	8,196	8,196	8,196	8,196	8,196
Heritage assets		8	-	-	-	-	-	-	-	-
Investment properties		3,200	3,400	3,400	3,418	3,400	3,400	3,400	3,400	3,400
Other assets		80,064	32,324	29,185	32,414	25,301	25,301	24,831	24,153	21,488
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		176	117	307	188	307	307	307	307	307
Intangibles		-	112	1,843	-	1,843	1,843	1,000	800	600
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	102,835	98,702	93,085	79,332	93,085	93,085	87,213	81,729	74,304
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		10,214	12,863	13,512	8,887	9,212	9,212	9,165	9,169	9,225
<b>Repairs and Maintenance by Asset Class</b>	3	3,639	2,258	2,366	1,565	-	-	2,487	2,627	2,910
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	3,639	2,258	2,366	1,565	-	-	2,487	2,627	2,910
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		13,853	15,121	15,878	10,452	9,212	9,212	11,651	11,797	12,135
<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&amp;M as a % of PPE</i>		3.7%	2.4%	2.7%	2.1%	0.0%	0.0%	3.0%	3.4%	4.2%
<i>Renewal and R&amp;M as a % of PPE</i>		4.0%	2.0%	3.0%	2.0%	0.0%	0.0%	3.0%	3.0%	4.0%

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF.



## 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 in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor has been established.

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

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

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2013. Key dates applicable to the process were:

- **September 2013** – Establish appropriate committee( budget steering committee), develop programme for consultation with internal and External Stakeholders, Advetiser the programme for consultation with internal and

- external stakeholders, Commence process of IDP review and Service Delivery Developments
- **Oct 2013** – Conclude initial consultation and review, establish direction, policy and confirmation priorities.
  - **November 2013** – Commences preparation of departmental operational plans and SDBIP aligned to strategic priorities in IDP, Department submit their budgets at their section 80 Committee meetings, Budget related policy to be reviewed for submission to section 80 committee finance in January 2014 and Commences Community stakeholder Consultation.
  - **December 2013-** Finalize first draft of departmental Operational Plans and SDBIP for review against strategic priorities
  - **January 2014** – Note the SONA for further budget priorities
  - **28 January 2014** – Executive Mayor considers the 2013/14 Mid-year Review and recommends adjustment budget to be compiled.
  - **February 2014** - Adjustment budget tabled to council
  - **March 2014** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
  - **April 2014** – Public consultation;
  - **6 May 2014** - Closing date for written comments;
  - **6 to 21 May 2014** – finalisation of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
  - **29 May 2014** - Tabling of the 2014/15 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.



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

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

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

- Clause 6.8 Provision for bad debts has been inserted in the policy

### **2.2.2 Asset Management Policy**

- No changes

### **2.2.3 Review of Supply Chain Management Policy**

- Clause 23.4 has been added and reviewed by two new bullets under it
- Clause 27.7.8.2 has been reviewed
- Clause 29.2.15 has been reviewed

### **2.2.4 Budget and Virement Policy**

- No Changes

### **2.2.5 Banking and Investment Policy**

- No Changes

## **2.3 Overview of budget assumptions**

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

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on District residents and businesses;
- The impact of municipal cost drivers;

- Government grants gazette
- Considered circular 70 and 72

### **2.3.2 Salary increases**

The budgeted allocation for employee related costs for the 2014/15 financial year totals R185, 559 Million, which equals 65.58% of the total operating expenditure. Employee related will overall will increase by 18%, of which 6.79% is for multi-year salary and wage collective agreement for the period of 1 July 2012 to 30 June 2015 general increase whilst 6.61% is for notch bonus, long services awards, leave payments and other new public safety staff to be employed as a results of new four shift system introduced. The agreement provides for a wage increase based on the average CPI for the 1 February 2013 until 31 January 2014, plus 1% for the 2014/15 financial year, the average CPI as per circular 72 is 5.79%.

### **2.3.3 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.

## **2.4 IDP and Service Delivery and Budget Implementation Plan**

This is the 3<sup>rd</sup> review of the IDP as adopted by Council in May 2013. It started in September 2012 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/2014 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/2015 MTREF, based on the approved 2013/2014 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections. With the compilation of the 2014/2015 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/2013 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

## **2.5 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, assess 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 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).

## **2.6 Other information (MBRR Schedule A SA1-SA37)**

MBRR A Schedule 2.6 Version has been attached as a annexures to this budget report. All the forms has been updated unless the information is not relevant or doesn't not apply to this municipality due to its nature.

## **2.7 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.

2. Internship programme

The District is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the City has successfully employed and trained 12 interns through this programme and a majority of them were appointed either in the District or other Institutions

3. Budget and Treasury Office

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

4. Audit Committee

A Regional Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.