

# **ANNUAL BUDGET OF WEST RAND DISTRICT MUNICIPALITY**



## **2015/16 TO 2017/18 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

ANNUAL BUDGET OF  
**WEST RAND DISTRICT  
MUNICIPALITY**

2015/2016 TO 2017/2018  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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## 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 2015 in the Imbizo Council Chamber where the Executive Mayor will table the 2015/16 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 2015/2016, and indicative amounts for the two projected outer years of 2016/2017 and 2017/2018 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 2015/2016 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 a total amount of R11 500 000 for **Transformation, Go-West and OR Tambo Games**. The contributions should be requested as follows:-

- Mogale City LM – R 5 000 000
- Merafong City LM – R3 500 000
- Randfontein LM – R1 500 000
- Westonaria LM – R1 500 000

4. The annual budget of the WRDM for the 2015/2016 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 R16, 308 233 be utilised from accumulated funds and savings identified in prior years from freezing of posts in order to achieve a balanced budget;
7. The position of Coordinator: War Room in the Office of the Executive Mayor be filled for the 2015/16 financial year.
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

### 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, 72 and 74 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 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 ;
- Unfinalized wage negotiations by SALGA after expiry of previous agreement, as well as the need to fill critical vacancies;
- Affordability of capital projects
- Unfunded mandates that stretched the budget
- Provincialization of Services

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the request from Departments based on the five year plan adopted by council and 2013/14 audited outcome on certain line items.
- Division of revenue bill was also taken into consideration in terms of establishing how much has been Gazzetted to be received by the WRDM.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2015/16 MTREF**

Description	2013/2014	2014/2015	Budget Year	Budget Year +1	Budget Year +2
-------------	-----------	-----------	-------------	----------------	----------------

	<b>Audited Outcome R'000</b>	<b>Adjustment Budget R'000</b>	<b>2015/2016 R'000</b>	<b>2016/2017 R'000</b>	<b>2017/2018 R'000</b>
Total Operating Revenue	232 770	290 504	310 632	297 579	318 819
Total Operating Expenditure	292 895	277 998	290 532	297 473	312 908
<b>Surplus/(Deficit)</b>	<b>(60 126)</b>	<b>12 506</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>
Total Capital Expenditure	2 272	4 500	20 100	106	5 911

Total operating revenue has grown by 6.9% or R20, 128 Million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the 2016/2017 outer year, operational revenue has decreased by R13, 053 Million which represents 4.2% decrease and increases by R21, 240 Million in 2017/2018 which represents an increase of 7%.

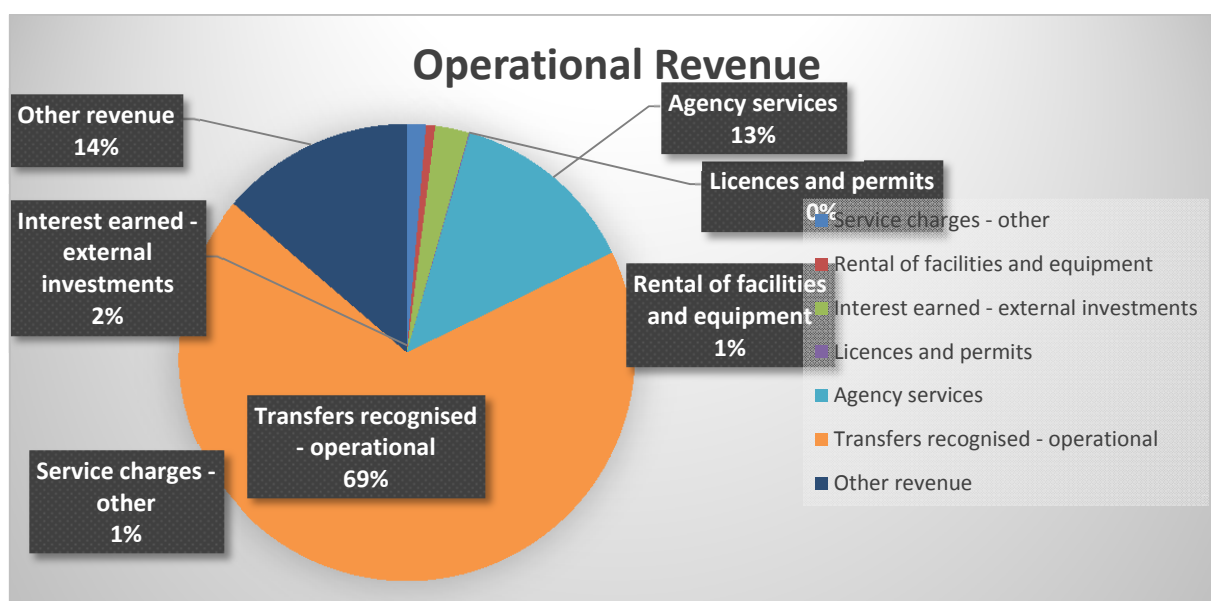
Total operating expenditure for the 2015/16 financial year has been appropriated at R 290, 532 Million and translates into a budgeted surplus of R20, 100 million which will be used to fund capital budget. When compared to the 2014/15 Adjustments Budget, operational expenditure has grown by 4.5% in the 2015/16 budget and by 2.3% and 5% for each of the respective outer years of the MTREF.

The capital budget of R20, 100 Million for 2015/16 has increased by 347% when compared to the 2014/15 Adjustment Budget. The increase is due to the provision of two Fire Engines to the Value of R 4,400 Million to be leased, Office furniture in the office of the Chief Whip to the value of R100 000, paving of streets to the value of R10, 000 Million and an additional R10,000 Million for outright purchase of two rescue vehicles. All the capital budgets are funded from internal generated funds with the exception of paving of streets which is funded from the Neighborhood Development Partnership Grant (NDPG).

## **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.



- **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 2015/2016 amounts to R1, 947 million. The major contributor of rental income is from rental of shops.
- **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 2014/2015 has increased. An amount of R7, 177 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 39 792 million as compared to the adjustment budget. As at date of preparation of the budget, processes of transfer of emergency services to the province were at an infant stage. Therefore an adjustment budget may be processed on this grant should services be transferred during the 2015/2016 financial year.

- Transfers recognized: Operating grants and transfers totals R204, 435 million in the 2015/2016 financial year and steadily increases to R211, 603 Million by 2017/18. Note that the increase in 2015/16 Financial year increased by 6.9% as compared to the 2014/15 Adjustment budget.

**The following table is a summary of the 2015/2016 MTREF (classified by main revenue source):**

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

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

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
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		3 399	2 972	2 125	4 683	4 683	4 683	4 683	4 013	4 237	4 466
Rental of facilities and equipment		1 565	1 710	1 307	1 783	1 783	1 783	1 783	1 947	2 056	2 167
Interest earned - external investments		6 558	6 245	4 265	6 193	6 193	6 193	6 193	7 177	7 579	7 988
Interest earned - outstanding debtors		275	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-
Licences and permits		155	183	175	159	159	159	159	174	184	194
Agency services		31 934	-	-	37 789	37 789	37 789	37 789	39 792	41 901	43 996
Transfers recognised - operational		178 093	205 157	218 094	190 259	191 178	191 178	191 178	204 435	207 317	211 603
Other revenue	2	3 806	23 637	6 869	47 119	48 719	48 719	-	40 891	31 821	45 797
Gains on disposal of PPE		-	-	(33)	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>225 785</b>	<b>239 903</b>	<b>232 803</b>	<b>287 986</b>	<b>290 505</b>	<b>290 505</b>	<b>241 786</b>	<b>298 428</b>	<b>295 095</b>	<b>316 211</b>

**Table 3: Operating Transfers and Grant Receipts**

## DC48 West Rand - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		163 292	172 034	175 707	182 713	184 343	184 343	194 022	197 895	201 711
Local Government Equitable Share		24 469	25 024	26 452	27 825	27 825	27 825	30 593	30 250	29 491
RSC Levy Replacement		131 770	141 879	146 115	150 519	150 519	150 519	154 249	158 599	162 759
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250
Municipal Systems Improvement		800	1 480	890	934	934	934	930	960	1 033
IDC GRANT		-	-	-	-	-	-	6 000	6 336	6 678
Other transfers/grants [insert description]		-	-	-	895	1 375	1 375	-	-	-
MIG		5 003	1 365	-	-	-	-	-	500	500
Performance Management Grant		-	-	-	-	-	-	-	-	-
EPWP		-	1 035	1 000	1 290	2 440	2 440	1 000	-	-
<b>Provincial Government:</b>		14 801	8 285	6 553	45 335	45 603	45 603	50 205	51 323	53 888
Health subsidy		5 036	5 853	6 084	6 376	6 376	6 376	6 713	7 069	7 422
Ambulance subsidy		-	-	-	37 789	37 789	37 789	39 792	41 901	43 996
GDARD		-	-	-	-	-	-	2 000	2 000	2 100
Bekkersdal Urban Renewal		-	375	-	-	-	-	-	-	-
Department of economic development		2 849	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	670	938	938	-	-	-
DMA: Merafong Telemetry System		6 049	315	-	-	-	-	-	-	-
Biodigester and Shared Services Grants		297	1 068	35	-	-	-	-	-	-
OPEX: CONDITIONAL GRANT - PROV Library Gr		571	675	433	500	500	500	1 700	353	370
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	178 093	180 319	182 260	228 048	229 946	229 946	244 227	249 218	255 599
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	10 000	-	-
Neighbourhood Development Partnership		-	-	-	-	-	-	10 000	-	-
[insert description]		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	-	-	-	-	-	2 204	2 484	2 608
[insert description]		-	-	-	-	-	-	-	-	-
Rural Asset Management(Capital Grant)		-	-	-	-	-	-	2 204	2 484	2 608
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	-	-	-	-	-	-	12 204	2 484	2 608
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		178 093	180 319	182 260	228 048	229 946	229 946	256 431	251 702	258 207

- Transfers recognized – operating includes the local government equitable share and other operating & capital 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 amounts to **R244 227** and Capital grants amounts to **R12 204**.

## **1.5 Operating Expenditure Framework**

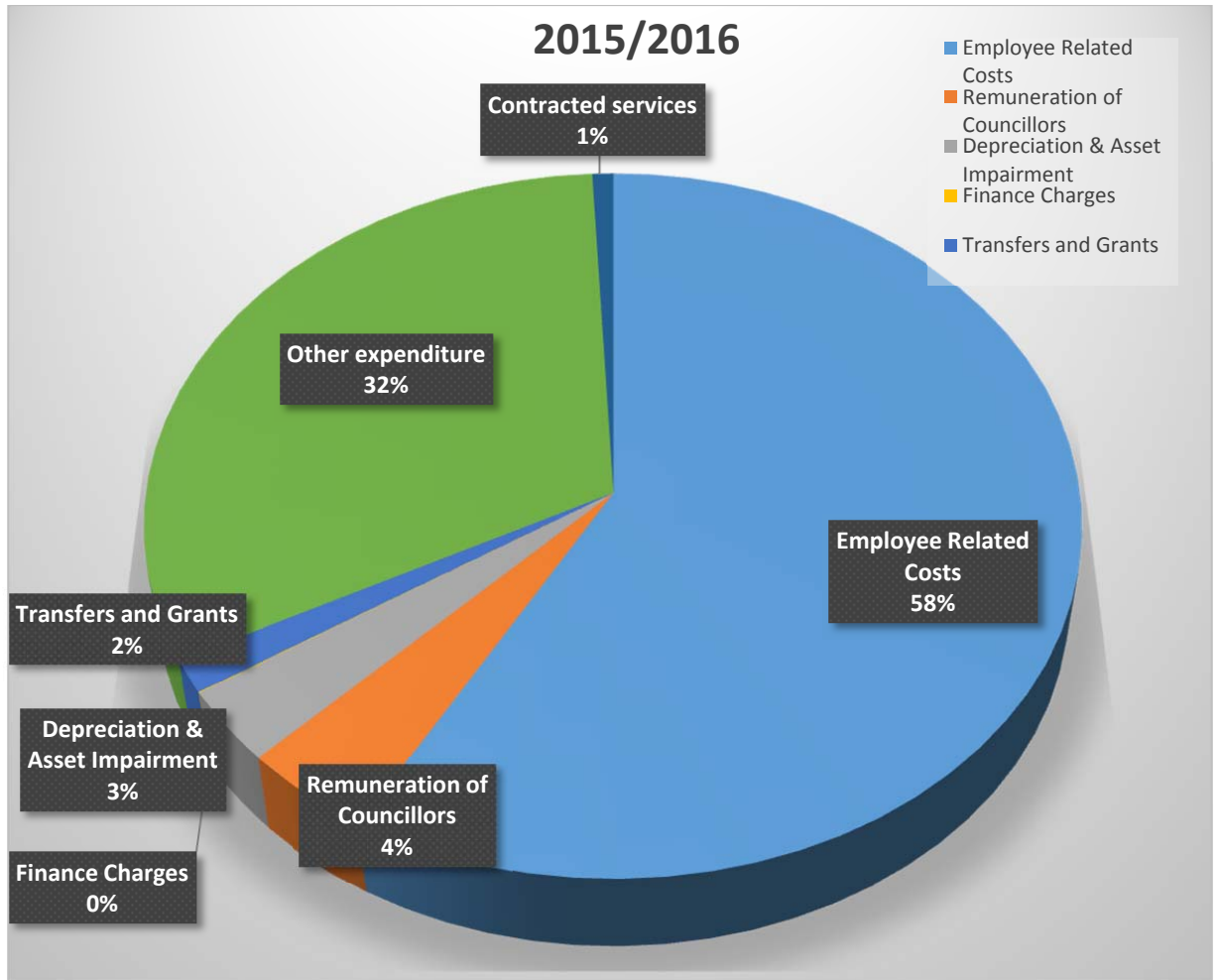
The District expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- 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, Rescue vehicles, paving of streets and furniture.
- **Employee Related Costs:** The budgeted allocation for employee related costs for the 2015/16 financial year totals R169, 429 Million, which equals 58% of the total operating expenditure. During the adjustment budget process, employee related costs were revised from 68% to 62%.

Provisional annual salary increase of 10% and 6.4% for both 2015/16 and 2016/17 Financial Year Respectively based on past salary increase trends. At as date of drafting the budget, SALGA has not concluded wage negotiations that would cover MTREF period up to 2017/2018.

- **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 and 72 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, 798 million for the 2015/16 financial and equates to 3% of the total operating expenditure.
  
- **Finance Charges:** This provision is for servicing the proposed leases on the fire engines the municipality intends to procure.
  
- **Other General Expenses:** Other main components of general expenditure amounts to R92, 307 million and represents 32% of total operating expenditure for the 2015/2016 financial year. Detailed information on other general expenditure is provided in Supporting Table SA1 attached as annexure.



The following table is a high level summary of the 2015/2016 budget and MTREF (classified per main type of operating expenditure):

**Table 4: Summary of operating expenditure by standard classification item**

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

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Expenditure By Type</b>											
Employee related costs	2	136 519	151 565	162 327	185 703	172 624	172 624	172 624	169 429	178 732	188 383
Remuneration of councillors		7 549	7 989	9 509	12 107	12 891	12 891	12 891	12 327	13 017	13 720
Debt impairment	3	2 303	17 110	4 418	-	-	-	-	-	-	-
Depreciation & asset impairment	2	12 863	11 690	12 107	9 165	9 165	9 165	12 672	9 798	10 298	10 808
Finance charges		940	928	739	403	88	88	88	95	100	106
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	2 305	2 434	2 566
Transfers and grants		13 783	4 394	4 394	4 394	4 394	4 394	4 394	4 394	4 640	4 891
Other expenditure	4, 5	67 032	80 185	99 402	71 130	78 837	78 837	-	92 184	88 251	92 435
Loss on disposal of PPE		899	-	33	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>241 888</b>	<b>273 861</b>	<b>292 929</b>	<b>282 901</b>	<b>277 998</b>	<b>277 998</b>	<b>202 669</b>	<b>290 532</b>	<b>297 473</b>	<b>312 908</b>

## 1.6 Capital expenditure

### ➤ Neighborhood Development Partnership Grant

The WRDM will implement phase 1 of the business plan which includes paving and greening. A total amount of R10, 000 Million will be received in the 2015/2016 financial year, and will has been allocated to paving of streets.

The Key Components of Urban Networks approach identified in the West Rand Business Plans for Toekomsrus, Simunye, Mohlakeng, Aurus and Finsbury are as follows:

- CBD (Pre-requisite)
- Urban Hub and Primary Transport Link
- Activity Corridor
- Emerging Corridor Node
- Secondary Node and Transport Link
- Established Corridor Node

➤ **Fire Engines**

The WRDM will lease two (2) fire engines to augment service delivery in the 2015/16 financial year.

➤ **Rescue Vehicles**

The WRDM will purchase two fully equipped rescue vehicles. An amount of R10, 000 Million has been set aside for outright purchase.

➤ **Furniture**

Provision has been made of R100 000 to procure office furniture for designated offices.

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

**Table 4: Summary of Budgeted Capital expenditure by standard classification item & funding.**

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

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital Expenditure - Standard</b>	1										
<i>Governance and administration</i>		-	-	-	1 200	2 200	2 200	2 200	100	106	111
Executive and council		-	-	-	-	-	-	-	100	106	111
Budget and treasury office		-	-	-	1 200	2 200	2 200	2 200	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	3 886	2 300	2 300	2 300	10 000	-	5 800
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	3 886	2 300	2 300	2 300	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	10 000	-	5 800
<i>Economic and environmental services</i>		5 576	7 899	3 248	-	-	-	3 248	10 000	-	-
Planning and development		-	-	-	-	-	-	-	10 000	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		5 576	7 899	3 248	-	-	-	3 248	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	5 576	7 899	3 248	5 086	4 500	4 500	7 748	20 100	106	5 911
<b>Funded by:</b>											
National Government		-	-	-	-	-	-	3 248	10 000	-	-
Provincial Government		5 576	7 899	3 248	5 086	4 500	4 500	7 748	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	5 576	7 899	3 248	5 086	4 500	4 500	10 995	10 000	-	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	10 100	106	5 911
<b>Total Capital Funding</b>	7	5 576	7 899	3 248	5 086	4 500	4 500	10 995	20 100	106	5 911

## **1.7 Annual Budget Tables - WRDM**

The following 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 14 MBRR Table A1 - Budget Summary**



DC48 West Rand - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	3 399	2 972	2 125	4 683	4 683	4 683	4 683	4 013	4 237	4 466
Investment revenue	6 558	6 245	4 265	6 193	6 193	6 193	6 193	7 177	7 579	7 988
Transfers recognised - operational	178 093	205 157	218 094	190 259	191 178	191 178	191 178	204 435	207 317	211 603
Other own revenue	37 735	25 529	8 319	86 851	88 451	88 451	39 731	82 803	75 961	92 153
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>225 785</b>	<b>239 903</b>	<b>232 803</b>	<b>287 986</b>	<b>290 505</b>	<b>290 505</b>	<b>241 786</b>	<b>298 428</b>	<b>295 095</b>	<b>316 211</b>
Employee costs	136 519	151 565	162 327	185 703	172 624	172 624	172 624	169 429	178 732	188 383
Remuneration of councillors	7 549	7 989	9 509	12 107	12 891	12 891	12 891	12 327	13 017	13 720
Depreciation & asset impairment	12 863	11 690	12 107	9 165	9 165	9 165	12 672	9 798	10 298	10 808
Finance charges	940	928	739	403	88	88	88	95	100	106
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	13 783	4 394	4 394	4 394	4 394	4 394	4 394	4 394	4 640	4 891
Other expenditure	70 234	97 295	103 853	71 130	78 837	78 837	78 837	94 489	90 685	95 000
<b>Total Expenditure</b>	<b>241 888</b>	<b>273 861</b>	<b>292 929</b>	<b>282 901</b>	<b>277 998</b>	<b>277 998</b>	<b>281 506</b>	<b>290 532</b>	<b>297 473</b>	<b>312 908</b>
<b>Surplus/(Deficit)</b>	<b>(16 103)</b>	<b>(33 958)</b>	<b>(60 126)</b>	<b>5 085</b>	<b>12 507</b>	<b>12 507</b>	<b>(39 720)</b>	<b>7 896</b>	<b>(2 378)</b>	<b>3 303</b>
Transfers recognised - capital	-	-	-	-	-	-	-	12 204	2 484	2 608
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(16 103)</b>	<b>(33 958)</b>	<b>(60 126)</b>	<b>5 085</b>	<b>12 507</b>	<b>12 507</b>	<b>(39 720)</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(16 103)</b>	<b>(33 958)</b>	<b>(60 126)</b>	<b>5 085</b>	<b>12 507</b>	<b>12 507</b>	<b>(39 720)</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	5 576	7 899	3 248	5 086	4 500	4 500	7 748	20 100	106	5 911
Transfers recognised - capital	5 576	7 899	3 248	5 086	4 500	4 500	10 995	10 000	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	10 100	106	5 911
<b>Total sources of capital funds</b>	<b>5 576</b>	<b>7 899</b>	<b>3 248</b>	<b>5 086</b>	<b>4 500</b>	<b>4 500</b>	<b>10 995</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>
<b>Financial position</b>										
Total current assets	111 057	88 096	41 155	102 314	102 314	102 314	102 314	167 455	176 497	186 028
Total non current assets	91 553	89 448	78 557	91 591	89 419	89 419	73 139	135 790	143 131	150 860
Total current liabilities	24 544	37 023	28 696	20 569	20 569	20 569	40 648	37 523	39 549	41 684
Total non current liabilities	47 932	51 814	62 555	-	-	-	58 910	61 811	65 149	68 667
Community wealth/Equity	130 134	88 707	28 461	173 336	171 164	171 164	75 895	203 911	214 930	226 537
<b>Cash flows</b>										
Net cash from (used) operating	109 223	(4 560)	(36 336)	14 051	28 637	(84 124)	60 696	20 100	106	5 911
Net cash from (used) investing	(4 543)	(7 818)	(3 334)	(4 886)	(5 300)	(5 300)	(9 668)	-	-	-
Net cash from (used) financing	(6 351)	1 812	(4 858)	-	-	(5 151)	(3 645)	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>219 025</b>	<b>88 717</b>	<b>36 918</b>	<b>9 165</b>	<b>23 337</b>	<b>(34 590)</b>	<b>86 562</b>	<b>106 662</b>	<b>106 767</b>	<b>112 679</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	116 122	96 319	53 757	91 092	91 092	91 092	105 671	169 183	178 319	187 948
Application of cash and investments	21 082	16 727	15 852	13 892	13 811	20 393	34 551	33 275	35 071	36 965
<b>Balance - surplus (shortfall)</b>	<b>95 040</b>	<b>79 592</b>	<b>37 905</b>	<b>77 200</b>	<b>77 281</b>	<b>70 699</b>	<b>71 120</b>	<b>135 908</b>	<b>143 248</b>	<b>150 984</b>
<b>Asset management</b>										
Asset register summary (WDV)	3 517	5 461	5 616	4 400	5 400	5 400	169 418	169 418	178 567	188 209
Depreciation & asset impairment	12 863	11 690	12 107	9 165	9 165	9 165	9 798	9 798	10 298	10 808
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	2 258	2 281	4 664	2 487	2 413	2 413	2 787	2 787	2 944	3 102
<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

- Table A1 is a budget summary and provides a concise overview of the City'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. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;

**Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

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

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>	1									
<i>Governance and administration</i>		145 738	199 357	187 294	222 989	225 027	225 027	233 585	228 083	245 775
Executive and council		668	1 068	1 098	20 934	20 934	20 934	16 308	6 391	18 995
Budget and treasury office		145 070	194 755	183 749	198 837	200 437	200 437	212 728	218 361	223 299
Corporate services		-	3 535	2 446	3 218	3 655	3 655	4 548	3 331	3 481
<i>Community and public safety</i>		65 077	33 666	44 025	48 781	48 782	48 782	50 411	53 096	55 767
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		223	-	-	-	-	-	-	-	-
Public safety		13 830	26 945	37 435	42 055	42 055	42 055	2 485	2 625	2 766
Housing		-	-	-	-	-	-	-	-	-
Health		51 024	6 721	6 590	6 726	6 727	6 727	47 926	50 471	53 000
<i>Economic and environmental services</i>		14 970	6 880	1 451	16 216	16 696	16 696	26 636	16 400	17 278
Planning and development		14 470	6 880	1 451	16 216	16 696	16 696	26 636	16 400	17 278
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	225 785	239 903	232 770	287 986	290 505	290 505	310 632	297 579	318 819
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		74 989	115 977	121 756	105 877	108 349	108 349	111 087	117 102	123 405
Executive and council		28 656	51 924	58 579	43 829	47 262	47 262	49 586	52 342	55 149
Budget and treasury office		46 333	29 791	32 900	22 534	22 774	22 774	21 132	22 129	23 324
Corporate services		-	34 262	30 278	39 514	38 313	38 313	40 369	42 630	44 932
<i>Community and public safety</i>		121 018	137 640	144 862	146 925	142 788	142 788	151 631	153 509	161 216
Community and social services		-	21 172	25 517	27 389	26 888	26 888	31 440	26 555	27 435
Sport and recreation		1 854	-	-	-	-	-	-	-	-
Public safety		69 421	60 708	55 413	83 678	80 734	80 734	80 220	84 765	89 343
Housing		-	-	-	-	-	-	-	-	-
Health		49 743	55 760	63 931	35 858	35 166	35 166	39 971	42 189	44 438
<i>Economic and environmental services</i>		45 881	20 243	26 278	30 099	26 861	26 861	27 815	26 863	28 287
Planning and development		36 388	20 243	26 278	30 099	26 861	26 861	27 815	26 863	28 287
Road transport		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	241 888	273 861	292 895	282 901	277 998	277 998	290 532	297 473	312 908
<b>Surplus/(Deficit) for the year</b>		(16 103)	(33 958)	(60 126)	5 085	12 507	12 507	20 100	106	5 911

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.

### **Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

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

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>	1									
Vote 1 - Corporate Governance		(832)	-	1 063	20 000	20 000	20 000	16 308	5 891	18 495
Vote 2 - Municipal Manager & Support		1 797	1 068	35	934	934	934	-	500	500
Vote 3 - Corporate Services		2 224	2 916	1 979	2 711	2 711	2 711	2 841	2 971	3 103
Vote 4 - Budget & Treasury Office		155 927	196 237	184 216	200 634	202 671	202 671	214 435	218 722	223 677
Vote 5 - Health & Social Development		34 768	31 559	42 424	44 515	44 515	44 515	46 826	49 309	51 775
Vote 6 - Public Safety		12 285	901	505	2 762	2 762	2 762	3 585	3 787	3 991
Vote 7 - Public Safety (Continue)		-	-	-	1 505	1 505	1 505	-	-	-
Vote 8 - Regional Planning & Economic Development		12 642	4 799	451	1 875	2 355	2 355	13 329	2 347	2 466
Vote 9 - Development Agency		6 974	2 424	2 096	13 051	13 051	13 051	13 308	14 053	14 812
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>225 785</b>	<b>239 903</b>	<b>232 770</b>	<b>287 987</b>	<b>290 504</b>	<b>290 504</b>	<b>310 632</b>	<b>297 579</b>	<b>318 819</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Corporate Governance		30 655	40 721	40 389	29 802	32 920	32 920	34 325	36 247	38 204
Vote 2 - Municipal Manager & Support		9 296	11 204	18 190	14 028	14 342	14 342	15 262	16 096	16 945
Vote 3 - Corporate Services		27 494	25 602	21 358	27 404	26 018	26 018	27 466	29 004	30 570
Vote 4 - Budget & Treasury Office		26 025	38 451	41 827	34 644	35 268	35 268	34 035	35 755	37 686
Vote 5 - Health & Social Development		42 875	56 147	63 941	36 505	35 130	35 130	45 833	42 293	44 535
Vote 6 - Public Safety		54 473	72 868	73 080	97 767	97 397	97 397	96 016	100 885	105 793
Vote 7 - Public Safety (Continue)		5 881	14 391	17 837	12 853	10 262	10 262	11 944	11 577	12 222
Vote 8 - Regional Planning & Economic Development		38 215	14 462	16 268	22 105	18 669	18 669	15 195	14 620	15 409
Vote 9 - Development Agency		6 974	16	5	7 793	7 992	7 992	10 459	10 996	11 543
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>241 888</b>	<b>273 861</b>	<b>292 895</b>	<b>282 901</b>	<b>277 999</b>	<b>277 999</b>	<b>290 532</b>	<b>297 473</b>	<b>312 908</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(16 103)</b>	<b>(33 958)</b>	<b>(60 126)</b>	<b>5 086</b>	<b>12 506</b>	<b>12 506</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of Western District. This means it is possible to present the operating surplus or deficit of a vote.
2. According to our municipal structure Budget & Treasury office is the department with the most Revenue, and Public Safety has the biggest expenditure budget.

## Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

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

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
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		3 399	2 972	2 125	4 683	4 683	4 683	4 683	4 013	4 237	4 466
Rental of facilities and equipment		1 565	1 710	1 307	1 783	1 783	1 783	1 783	1 947	2 056	2 167
Interest earned - external investments		6 558	6 245	4 265	6 193	6 193	6 193	6 193	7 177	7 579	7 988
Interest earned - outstanding debtors		275	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-
Licences and permits		155	183	175	159	159	159	159	174	184	194
Agency services		31 934	-	-	37 789	37 789	37 789	37 789	39 792	41 901	43 996
Transfers recognised - operational		178 093	205 157	218 094	190 259	191 178	191 178	191 178	204 435	207 317	211 603
Other revenue	2	3 806	23 637	6 869	47 119	48 719	48 719	-	40 891	31 821	45 797
Gains on disposal of PPE		-	-	(33)	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>225 785</b>	<b>239 903</b>	<b>232 803</b>	<b>287 986</b>	<b>290 505</b>	<b>290 505</b>	<b>241 786</b>	<b>298 428</b>	<b>295 095</b>	<b>316 211</b>
<b>Expenditure By Type</b>											
Employee related costs	2	136 519	151 565	162 327	185 703	172 624	172 624	172 624	169 429	178 732	188 383
Remuneration of councillors		7 549	7 989	9 509	12 107	12 891	12 891	12 891	12 327	13 017	13 720
Debt impairment	3	2 303	17 110	4 418	-	-	-	-	-	-	-
Depreciation & asset impairment	2	12 863	11 690	12 107	9 165	9 165	9 165	12 672	9 798	10 298	10 808
Finance charges		940	928	739	403	88	88	88	95	100	106
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	2 305	2 434	2 566
Transfers and grants		13 783	4 394	4 394	4 394	4 394	4 394	4 394	4 394	4 640	4 891
Other expenditure	4, 5	67 032	80 185	99 402	71 130	78 837	78 837	-	92 184	88 251	92 435
Loss on disposal of PPE		899	-	33	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>241 888</b>	<b>273 861</b>	<b>292 929</b>	<b>282 901</b>	<b>277 998</b>	<b>277 998</b>	<b>202 669</b>	<b>290 532</b>	<b>297 473</b>	<b>312 908</b>
<b>Surplus/(Deficit)</b>											
Transfers recognised - capital		(16 103)	(33 958)	(60 126)	5 085	12 507	12 507	39 117	7 896	(2 378)	3 303
Contributions recognised - capital		-	-	-	-	-	-	-	12 204	2 484	2 608
Contributed assets		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(16 103)</b>	<b>(33 958)</b>	<b>(60 126)</b>	<b>5 085</b>	<b>12 507</b>	<b>12 507</b>	<b>39 117</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(16 103)</b>	<b>(33 958)</b>	<b>(60 126)</b>	<b>5 085</b>	<b>12 507</b>	<b>12 507</b>	<b>39 117</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(16 103)</b>	<b>(33 958)</b>	<b>(60 126)</b>	<b>5 085</b>	<b>12 507</b>	<b>12 507</b>	<b>39 117</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>(16 103)</b>	<b>(33 958)</b>	<b>(60 126)</b>	<b>5 085</b>	<b>12 507</b>	<b>12 507</b>	<b>39 117</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>

1. Total Revenue is R 310, 632 million in 2015/16 and it escalates to R 318, 819 million by 2017/18. Even though for the 2016/17 outer year, operational revenue has decreased to R 297, 579 million which represents 4.2% decrease and we then see it increases by 7% in 2017/2018 which represents an increase of 7%.
2. Most of our revenue is generated from National & Provincial grants. As indicated in the above table our Operational grants is R204, 435million and our Capital grant is R 12, 204 million. Operational grants have increased by 6.9% from the 2014/15 adjustment budget, and they make about 69% of the total budget.
3. Total Expenditure is R 290, 532 million in 2015/16. It has increased by 5.8% in 2015/16, and by 2.3% and 5% in the outer years of the MTREF.

Employee related cost make up most of our expenditure's budget which is about 58% of the budget. Even though it makes up 58% of the budget, it has decreased by 2% in 2015/16.

**Table 3 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

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

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital Expenditure - Standard</b>	1										
<i>Governance and administration</i>		-	-	-	1 200	2 200	2 200	2 200	100	106	111
Executive and council		-	-	-	-	-	-	-	100	106	111
Budget and treasury office		-	-	-	1 200	2 200	2 200	2 200	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	3 886	2 300	2 300	2 300	10 000	-	5 800
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	3 886	2 300	2 300	2 300	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	10 000	-	5 800
<i>Economic and environmental services</i>		5 576	7 899	3 248	-	-	-	3 248	10 000	-	-
Planning and development		-	-	-	-	-	-	-	10 000	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		5 576	7 899	3 248	-	-	-	3 248	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	5 576	7 899	3 248	5 086	4 500	4 500	7 748	20 100	106	5 911
<b>Funded by:</b>											
National Government		-	-	-	-	-	-	3 248	10 000	-	-
Provincial Government		5 576	7 899	3 248	5 086	4 500	4 500	7 748	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	5 576	7 899	3 248	5 086	4 500	4 500	10 995	10 000	-	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	10 100	106	5 911
<b>Total Capital Funding</b>	7	5 576	7 899	3 248	5 086	4 500	4 500	10 995	20 100	106	5 911

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. In relation to multi-year appropriations, we have no capital projects as a result all our capital project are single – year projects.
3. Single-year capital expenditure has been appropriated at R20 100 million for the 2015/16 financial year and decreases & increases again over the

MTREF. There is an increase of 347% from R4, 500million in 2014/15 to R20, 100million in 2015/16.

- The capital programme is funded from national/ provincial grants and transfers and internally generated funds. R 10 million for paving of streets will be funded from the Neighborhood Development Partnership Grant (NDPG). An additional R10million to purchase two rescue vehicles and R100 ,00 for furniture in the Chief Whip 's office will be funded from internally generated funds

**Table 20 MBRR Table A6 - Budgeted Financial Position**

DC48 West Rand - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		99 283	81 445	39 179	90 797	90 797	90 797	90 797	99 877	105 270	110 955
Call investment deposits	1	2 261	295	-	295	295	295	295	40 556	42 746	45 055
Consumer debtors	1	-	-	-	-	-	-	-	26 248	27 666	29 160
Other debtors		8 962	5 869	1 437	10 572	10 572	10 572	10 572	-	-	-
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	551	486	539	650	650	650	650	773	815	859
<b>Total current assets</b>		<b>111 057</b>	<b>88 096</b>	<b>41 155</b>	<b>102 314</b>	<b>102 314</b>	<b>102 314</b>	<b>102 314</b>	<b>167 455</b>	<b>176 497</b>	<b>186 028</b>
<b>Non current assets</b>											
Long-term receivables		-	-	-	800	800	800	800	-	-	-
Investments		14 579	14 579	14 579	-	-	-	14 579	28 750	30 303	31 939
Investment property		3 400	3 400	3 582	3 400	3 400	3 400	3 582	3 582	3 775	3 979
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	72 730	68 568	57 435	86 391	83 219	83 219	46 781	96 060	101 256	106 724
Agricultural		117	307	275	-	-	-	275	275	290	305
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	1 754	1 759	1 000	2 000	2 000	6 199	6 199	6 534	6 887
Other non-current assets		727	841	927	-	-	-	923	923	973	1 026
<b>Total non current assets</b>		<b>91 553</b>	<b>89 448</b>	<b>78 557</b>	<b>91 591</b>	<b>89 419</b>	<b>89 419</b>	<b>73 139</b>	<b>135 790</b>	<b>143 131</b>	<b>150 860</b>
<b>TOTAL ASSETS</b>		<b>202 609</b>	<b>177 544</b>	<b>119 712</b>	<b>193 905</b>	<b>191 733</b>	<b>191 733</b>	<b>175 453</b>	<b>303 244</b>	<b>319 628</b>	<b>336 888</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	0	-	-	-	-	-	-	-	-	-
Borrowing	4	2 955	7 495	4 406	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	17 164	25 544	18 454	20 569	20 569	20 569	34 812	37 523	39 549	41 684
Provisions		4 424	3 984	5 836	-	-	-	5 836	-	-	-
<b>Total current liabilities</b>		<b>24 544</b>	<b>37 023</b>	<b>28 696</b>	<b>20 569</b>	<b>20 569</b>	<b>20 569</b>	<b>40 648</b>	<b>37 523</b>	<b>39 549</b>	<b>41 684</b>
<b>Non current liabilities</b>											
Borrowing		5 242	2 514	744	-	-	-	(2 901)	-	-	-
Provisions		42 690	49 300	61 811	-	-	-	61 811	61 811	65 149	68 667
<b>Total non current liabilities</b>		<b>47 932</b>	<b>51 814</b>	<b>62 555</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58 910</b>	<b>61 811</b>	<b>65 149</b>	<b>68 667</b>
<b>TOTAL LIABILITIES</b>		<b>72 476</b>	<b>88 837</b>	<b>91 251</b>	<b>20 569</b>	<b>20 569</b>	<b>20 569</b>	<b>99 558</b>	<b>99 334</b>	<b>104 698</b>	<b>110 351</b>
<b>NET ASSETS</b>	5	<b>130 134</b>	<b>88 707</b>	<b>28 461</b>	<b>173 336</b>	<b>171 164</b>	<b>171 164</b>	<b>75 895</b>	<b>203 911</b>	<b>214 930</b>	<b>226 537</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		130 134	88 707	28 461	173 336	171 164	171 164	75 895	203 911	214 930	226 537
Reserves	4	(0)	(0)	(0)	-	-	-	(0)	-	-	-
Minorities' interests		-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>130 134</b>	<b>88 707</b>	<b>28 461</b>	<b>173 336</b>	<b>171 164</b>	<b>171 164</b>	<b>75 895</b>	<b>203 911</b>	<b>214 930</b>	<b>226 537</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. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position.

## **Table 21 MBRR Table A7 - Budgeted Cash Flow Statement**



DC48 West Rand - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges		8 654	3 093	4 432	-	-	1 437	(400)	-	-	-
Service charges		-	2 972	2 125	4 683	4 683	-	902	4 013	4 237	4 466
Other revenue		-	25 529	8 319	49 063	50 663	-	12 827	82 803	75 961	92 153
Government - operating	1	-	205 157	218 094	227 153	228 071	-	227 439	204 435	207 317	211 603
Government - capital	1	-	-	-	895	895	-	-	12 204	2 484	2 608
Interest		-	6 245	4 265	6 193	6 193	-	2 310	7 177	7 579	7 988
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		100 568	(242 234)	(268 438)	(269 139)	(257 385)	(85 561)	(181 195)	(286 043)	(292 733)	(307 911)
Finance charges		-	(928)	(739)	(403)	(88)	-	(88)	(95)	(100)	(106)
Transfers and Grants	1	-	(4 394)	(4 394)	(4 394)	(4 394)	-	(1 099)	(4 394)	(4 640)	(4 891)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>109 223</b>	<b>(4 560)</b>	<b>(36 336)</b>	<b>14 051</b>	<b>28 637</b>	<b>(84 124)</b>	<b>60 696</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		944	195	0	-	-	-	33	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables		89	(114)	(86)	-	-	927	4	-	-	-
Decrease (Increase) in non-current investments		-	-	-	-	-	14 579	-	-	-	-
<b>Payments</b>											
Capital assets		(5 576)	(7 899)	(3 248)	(4 886)	(5 300)	-	(9 705)	-	-	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(4 543)</b>	<b>(7 818)</b>	<b>(3 334)</b>	<b>(4 886)</b>	<b>(5 300)</b>	<b>15 506</b>	<b>(9 668)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		2 955	4 539	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		(9 306)	(2 728)	(4 858)	-	-	(5 151)	(3 645)	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(6 351)</b>	<b>1 812</b>	<b>(4 858)</b>	<b>-</b>	<b>-</b>	<b>(5 151)</b>	<b>(3 645)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>98 328</b>	<b>(10 566)</b>	<b>(44 527)</b>	<b>9 165</b>	<b>23 337</b>	<b>(73 769)</b>	<b>47 383</b>	<b>20 100</b>	<b>106</b>	<b>5 911</b>
Cash/cash equivalents at the year begin:	2	120 697	99 283	81 445	-	-	39 179	39 179	86 562	106 662	106 767
Cash/cash equivalents at the year end:	2	219 025	88 717	36 918	9 165	23 337	(34 590)	86 562	106 662	106 767	112 679

## Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

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

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	219 025	88 717	36 918	9 165	23 337	(34 590)	86 562	106 662	106 767	112 679
Other current investments > 90 days		(117 481)	(6 976)	2 260	81 927	67 755	125 682	4 530	33 771	41 249	43 331
Non current assets - Investments	1	14 579	14 579	14 579	-	-	-	14 579	28 750	30 303	31 939
<b>Cash and investments available:</b>		<b>116 122</b>	<b>96 319</b>	<b>53 757</b>	<b>91 092</b>	<b>91 092</b>	<b>91 092</b>	<b>105 671</b>	<b>169 183</b>	<b>178 319</b>	<b>187 948</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		3 089	141	441	-	-	-	441	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	17 993	16 586	15 411	13 892	13 811	20 393	34 110	11 275	11 883	12 524
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	22 000	23 188	24 440
<b>Total Application of cash and investments:</b>		<b>21 082</b>	<b>16 727</b>	<b>15 852</b>	<b>13 892</b>	<b>13 811</b>	<b>20 393</b>	<b>34 551</b>	<b>33 275</b>	<b>35 071</b>	<b>36 965</b>
<b>Surplus(shortfall)</b>		<b>95 040</b>	<b>79 592</b>	<b>37 905</b>	<b>77 200</b>	<b>77 281</b>	<b>70 699</b>	<b>71 120</b>	<b>135 908</b>	<b>143 248</b>	<b>150 984</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.
3. As part of the 2014/15 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations.

### **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. From the table above it can be seen that for the period 2011/12 shows a surplus of R95 040 million then during 2014/15 Adjustment Budget indicates a surplus R77 281 million. Over the MTREF there is a shortfall of R150 984 million.
5. The objective for the final approval budget for the 2015/16 MTREF must ensure that the budget is funded and aligned to section 18 of the MFMA

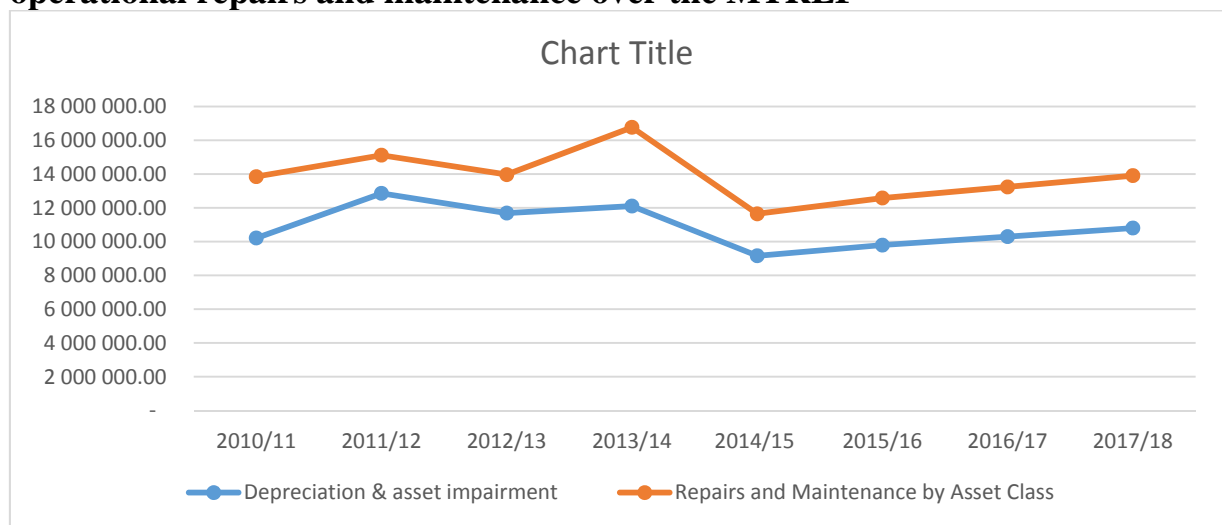
### **Table 15 MBRR Table A9 - Asset Management**

DC48 West Rand - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	5 576	7 899	3 248	5 086	4 500	4 500	20 100	106	5 911
Infrastructure - Road transport		-	-	-	-	-	-	10 000	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	10 000	-	-
Community		1 276	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		200	-	182	-	-	-	-	-	-
Other assets	6	4 100	5 998	349	5 086	4 500	4 500	10 100	106	5 911
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	1 901	2 716	-	-	-	-	-	-
<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	-	-	-	-	-	-	10 000	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	10 000	-	-
Community		1 276	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		200	-	182	-	-	-	-	-	-
Other assets	6	4 100	5 998	349	5 086	4 500	4 500	10 100	106	5 911
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	1 901	2 716	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	5 576	7 899	3 248	5 086	4 500	4 500	20 100	106	5 911
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5									
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		-	-	-	-	-	-	12 665	13 349	14 070
Community		-	-	-	-	-	-	9 758	10 285	10 840
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		3 400	3 400	3 582	3 400	3 400	3 400	3 582	3 775	3 979
Other assets		-	-	-	-	-	-	136 939	144 334	152 128
Agricultural Assets		117	307	275	-	-	-	275	290	305
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	1 754	1 759	1 000	2 000	2 000	6 199	6 534	6 887
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	3 517	5 461	5 616	4 400	5 400	5 400	169 418	178 567	188 209
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		12 863	11 690	12 107	9 165	9 165	9 165	9 798	10 298	10 808
<b>Repairs and Maintenance by Asset Class</b>	3	2 258	2 281	4 664	2 487	2 413	2 413	2 787	2 944	3 102
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	2 258	2 281	4 664	2 487	2 413	2 413	2 787	2 944	3 102
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		15 121	13 971	16 770	11 651	11 578	11 578	12 586	13 242	13 910
<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>		3,1%	3,3%	8,1%	2,9%	2,9%	2,9%	2,9%	2,9%	2,9%
<i>Renewal and R&amp;M as a % of PPE</i>		64,0%	42,0%	83,0%	57,0%	45,0%	45,0%	2,0%	2,0%	2,0%

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.

**The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF**



## Part 2 – Supporting Documentation

### 2. 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** – finalization 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.

### **3. Overview of budget related-policies**

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

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

- No changes

#### **3.2 Asset Management Policy**

- Update with new applicable GRAP standards.

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

- Inclusion of working days
- Additions to Deviation provisions

### **3.4 Budget and Virement Policy**

- No Changes

### **3.5 Banking and Investment Policy**

- Correct references made to approved organisational structure.

Workshop on the above policies and other Budget and Treasury related policies were work shopped to councillors on the 27<sup>th</sup> of April 2015.

## **4. Overview of budget assumptions**

### **4.1 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 2015/16 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

## **5. 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.

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

This is the 4<sup>th</sup> review of the IDP as adopted by Council in May 2014. It started in September 2012 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/2015 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 2015/2016 MTREF, based on the approved 2014/2015 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 2015/2016 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 2014/2015 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.

## **5.2 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 organizational 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 realizing 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).

### **5.3 Other information (MBRR Schedule A)**

MBRR A-Schedule 2.7 Version has been attached as 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.

## **6. 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. One intern has resigned, and has not been replaced. 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 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.

**6. Annual Report**

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