



2018/2019 DRAFT BUDGET REPORT

31 MARCH 2018

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GLOSSARY

MFMA: Municipal Financial Management Act

MWIG: Municipal water infrastructure grant

GDARD: Gauteng Department of Agriculture and Rural Development

EPWP: Expanded public works programme

FMG: Finance management grant

GIFA: Gauteng Infrastructure Financing Agency

MSIG: Municipal systems improvement grant

RSC: Regional Services Council

WRDM: West Rand District municipality

WRDA: West Rand Development Agency

DoRA: Division of Revenue Act

mSCOA: Municipal Standard Chart of Accounts.

MTREF: Medium term revenue and expenditure framework

MMC: Member of Mayoral committee

CPIX: Consumer price index

GDP: Gross domestic product

1. PURPOSE

The tabling of the Draft 2018/ 2019 annual budget.

2. LEGISLATIVE BACKGROUND

Section 16(2) of Municipal finance management Act, 2003 states that the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Section 17 of MFMA further states that

- (1) An annual budget of a municipality must be a schedule in the prescribed format—
 - (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) setting out—
 - (i) estimated revenue and expenditure by vote for the current year; and
 - (ii) actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

3. MMC FINANCE REPORT

In preparing this budget, the input of all communities and stakeholders in the West Rand District were consulted as required by chapter 5 of the local government Municipal Systems Act. Strategic alignment of West Rand IDP with National Development Plan, provincial strategic objectives as well as the District vision guided us in the allocation of our available resources to achieve our goals in reducing poverty, unemployment and inequality within our region. The total proposed medium term revenue is R234 million.

West Rand District Municipality received a conditional grant amounting to R1.1 million through the Division of Revenue Act from the Department of Public works to create sustainable work opportunities for people in our region.

West Rand District Municipality achieved an improved consolidated audit opinion in the 2016/ 2017 financial year. I must commend the Municipal manager, Chief financial officers, officials and councilors for their hard work to achieve this.

A major challenge facing our municipality is financial sustainability to be encountered in 2018/ 2019 financial year due to decreased grant funding as announced in the 2018 budget speech delivered on 21 February 2018.

4. BUDGET ASSUMPTIONS

The recent CPIX was taken into consideration when determining the inflationary increase in the 2018/2019 fiscal year and the outer years:

Table 1: Macroeconomic performance and projections, 2016 - 2020

Fiscal year	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Forecast		
CPI Inflation	6.3%	5.4%	5.2%	5.5%	5.5%

VAT- 1% increase from 14% to 15%

Prime lending rate- 10.25%

Repo rate- 6.75%

5. BUDGET ALLOCATIONS PER MSCOA

The primary objective of mSCOA is to achieve an acceptable level of uniformity and quality from the collection of data. The data is then used to compile both budgets and financial statements. Budgets and financial transactions are captured in the system using seven segments code. All municipalities and municipal entities must comply by 1 July 2017.

The reasons for National treasury introducing mSCOA at local government are as follows:

- Inconsistencies in financial classifications by municipalities
- Poor data integrity (validity, accuracy and completeness of municipal data was in most cases questionable); and
- Irregular submission of reports to regulatory bodies

The municipality has compiled the tabled annual budget in terms of mSCOA and has complied with version 6.2. Equitable share has been apportioned in terms of the spending patterns of the department in 2017/2018 financial period.

Department	Performance	%	Equitable share	RCS levy	Other revenue	WRDA	Total
Corporate Governance	23,225	8%	2,804	13,178	-	-	15,982
Municipal Manager and Support	11,091	4%	1,339	6,293	-	-	7,632
Corporate Services	31,031	11%	3,747	17,606	4,185	-	25,538
Budget and Treasury Office	32,404	11%	3,912	18,385	13,955	-	36,252
Health and Social Development	43,097	15%	5,203	24,452	8,671	-	38,327
Public Safety	113,367	39%	13,688	64,322	961	-	78,971
Regional Planning and Economic Development	33,536	12%	4,049	19,028	3,986	-	27,063
Development Agency	-	0%	-	-	-	4,542	4,542
	287,751	100%	34,742	163,265	31,758	4,542	234,307

6. SUMMARY OF THE BUDGET

The total operating and capital expenditure budget appropriation over the 2018/ 2019 to 2020/ 2021 MTREF illustrates as follows:

Table 1: Budget summary

DC48 West Rand - Table A1 Consolidated Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	1,024	831	807	2,352	601	601	601	601	634	669
Investment revenue	3,297	3,180	1,464	1,995	1,521	1,521	1,521	1,203	1,269	1,339
Transfers recognised - operational	190,547	211,055	239,063	207,297	205,661	205,661	205,661	211,200	222,816	235,071
Other own revenue	46,191	81,738	12,247	308,427	90,019	90,019	90,019	18,706	19,734	20,820
Total Revenue (excluding capital transfers and contributions)	241,058	296,804	253,581	520,071	297,803	297,803	297,803	231,709	244,453	257,898
Employee costs	175,080	169,563	167,201	191,218	159,252	159,252	159,252	129,960	137,108	144,649
Remuneration of councillors	10,093	9,968	9,700	14,316	12,789	12,789	12,789	12,789	13,493	14,235
Depreciation & asset impairment	13,068	9,076	9,913	8,415	7,565	7,565	7,565	8,161	8,609	9,083
Finance charges	601	-	72	3,989	3,989	3,989	3,989	1,486	1,567	1,653
Materials and bulk purchases	-	-	-	830	640	640	640	261	275	290
Transfers and grants	4,394	4,394	1,631	4,392	9,652	4,392	4,392	4,392	4,634	4,889
Other expenditure	83,990	134,497	112,742	299,500	153,962	159,222	159,222	77,258	81,508	85,990
Total Expenditure	287,226	327,498	301,260	522,660	347,850	347,850	347,850	234,307	247,194	260,789
Surplus/(Deficit)	(46,168)	(30,694)	(47,678)	(2,589)	(50,048)	(50,048)	(50,048)	(2,598)	(2,741)	(2,892)
Transfers and subsidies - capital (monetary allocations)	-	34,761	-	12,589	55,866	55,866	55,866	2,598	2,741	2,892
Contributions recognised - capital & contributed assets	-	-	8,574	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(46,168)	4,067	(39,105)	10,000	5,818	5,818	5,818	-	0	0
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(46,168)	4,067	(39,105)	10,000	5,818	5,818	5,818	-	0	0
Capital expenditure & funds sources										
Capital expenditure	5,086	9,086	20,874	10,000	53,277	53,277	53,277	-	-	-
Transfers recognised - capital	5,086	8,545	20,858	10,000	53,277	53,277	53,277	-	-	-
Public contributions & donations	-	-	16	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	541	-	-	-	-	-	-	-	-
Total sources of capital funds	5,086	9,086	20,874	10,000	53,277	53,277	53,277	-	-	-

DC48 West Rand - Table A1 Consolidated Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial position										
Total current assets	39,436	49,315	49,827	36,817	30,592	30,592	30,592	17,761	18,738	19,769
Total non current assets	74,718	68,033	98,327	106,638	111,252	111,252	111,252	108,947	113,864	119,050
Total current liabilities	49,738	56,416	99,940	36,380	118,167	118,167	118,167	119,600	126,178	133,118
Total non current liabilities	69,933	63,278	81,774	67,961	67,961	67,961	67,961	71,495	75,427	79,575
Community wealth/Equity	(5,518)	(2,346)	(33,560)	39,114	(44,284)	(44,284)	(44,284)	(64,386)	(69,003)	(73,874)
Cash flows										
Net cash from (used) operating	566	(21,174)	(31,817)	11,535	985	985	985	(58,731)	(61,962)	(65,369)
Net cash from (used) investing	(1,716)	(535)	211	(10,000)	(53,277)	(53,277)	(53,277)	-	-	-
Net cash from (used) financing	(5,663)	-	(1,897)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	35,612	13,904	13,904	1,535	(50,000)	(50,000)	(50,000)	50,000	(11,962)	(77,331)
Cash backing/surplus reconciliation										
Cash and investments available	35,612	41,814	(19,599)	1,535	(50,000)	(50,000)	(50,000)	(50,000)	(52,750)	(55,651)
Application of cash and investments	30,541	51,871	62,680	29,842	62,354	62,354	62,354	123,208	(19,194)	(20,249)
Balance - surplus (shortfall)	5,071	(10,056)	(82,280)	(28,307)	(112,354)	(112,354)	(112,354)	(173,208)	(33,556)	(35,402)
Asset management										
Asset register summary (WDV)	73,161	65,809	91,463	90,316	95,619	95,619	95,619	87,022	79,063	70,666
Depreciation	13,068	9,076	9,748	8,415	7,566	7,566	7,566	7,959	8,397	8,859
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	4,898	2,670	2,005	-	-	-	-	870	917	968

The municipality has presented a balanced draft budget with a difficult task to source alternative ways of raising additional revenue with the aim of servicing the needs of the community and provide regional support to our local municipalities through strong district governance. The municipality is still dealing with firefighting, municipal health services and disaster management functions as unfunded mandates. Presently these two functions are operated at a deficit since the functions were centralized at the district and it appears that funds did not follow the functions. The revenue for such functions is still included in the local municipalities' equitable share allocation. A request submitted to the Minister of Finance on May 2017 to address and the rectify issue has not yet been addressed in 2018/2019 Division of revenue bill.

The municipality has been committed for the last two financial years in optimizing its savings in the following manner:

- Reducing catering at official functions and meetings
- Improved prioritization of expenditure
- Heeding the guidelines of National Treasury Circulars number 82
- Reducing overtime
- Non filling of vacant positions pending implementation of migration policy. Only applicable from Level 3 downwards.
- Implementation of the shared service model

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that services are provided sustainably, economically and equitably to all communities. It is our view that the 2018/2019 financial year should be approached with realism and a tightening fiscal discipline and we believe that we should guard against unrealistic demands and concentrate on our key role of uplifting our communities in the West Rand Region as a whole.

The Municipality's business and service delivery priorities were again reviewed as part of this year's planning and budget process. The municipality strives to deliver sustainable services to its community without overburdening the consumers with excessive service fees with the key priority of government this year being a "back to basics" approach.

7. FINANCIAL PERFORMANCE

Table 2: Budgeted financial performance by revenue and expenditure type

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

Description	Ref	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand								
Revenue By Source								
Service charges - other		2,352	601	601	601	601	634	669
Rental of facilities and equipment		2,324	661	661	661	1,385	1,461	1,542
Interest earned - external investments		1,995	1,521	1,521	1,521	1,203	1,269	1,339
Fines, penalties and forfeits		400	-	-	-	-	-	-
Licences and permits		883	611	611	611	383	404	426
Agency services		-	-	-	-	-	-	-
Transfers recognised - operational		207,297	205,661	205,661	205,661	211,200	222,816	235,071
Transfers recognised - capital		12,589	55,866	55,866	55,866	2,598	2,741	2,892
Other revenue	2	304,820	88,748	88,748	88,748	16,937	17,869	18,852
Gains on disposal of PPE		-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		532,660	353,669	353,669	353,669	234,307	247,194	260,789
Expenditure By Type								
Employee related costs	2	191,218	159,252	159,252	159,252	129,960	137,108	144,649
Remuneration of councillors		14,316	12,789	12,789	12,789	12,789	13,493	14,235
Debt impairment	3	-	-	-	-	-	-	-
Depreciation & asset impairment	2	8,415	7,565	7,565	7,565	8,161	8,609	9,083
Finance charges		3,989	3,989	3,989	3,989	1,486	1,567	1,653
Other materials	8	830	640	640	640	261	275	290
Contracted services		270,664	125,426	125,426	125,426	69,392	73,209	77,235
Transfers and subsidies		4,392	9,652	4,392	4,392	4,392	4,634	4,889
Other expenditure	4, 5	28,836	28,536	33,796	33,796	7,866	8,299	8,755
Loss on disposal of PPE		-	-	-	-	-	-	-
Total Expenditure		522,660	347,850	347,850	347,850	234,307	247,194	260,789
Surplus/(Deficit) for the year		10,000	5,818	5,818	5,818	-	-	-

Total revenue has materially decreased from R353 million to R234 million affected by the following factors:

- Unfunded mandates such as fire brigade services and municipal health services
- Budget cuts on grants appropriated to local government as per Division of revenue bill
- No capital revenue was appropriated for the district municipality in 2018/2019
- Delay in implementing powers and functions promulgated to the district municipality by MEC of local government.

Overall operation grants from both national and provincial increased from R206 million to R211 million – an increase of R5 million.

The municipality's operational expenditure has decreased from R347 million to R234 million due to the following reasons:

- The Go-west cultural festival programme estimated at R13 million is not included in the budget on the basis that it will not be funded by the Municipality.
- The municipality is committed towards the implementing the circular 82.
- Majority of projects and programmes have been kept on hold until the financial situation of the municipality improves. Only contracted services have been taken into consideration.
- A material decrease in salary costs. It should be noted that inflation was not taken into account due to 1% increase in salaries in terms of the main collective agreement not yet effected in the budget until such time the bargaining negotiations are concluded.

Table 4: Budgeted financial performance by municipal vote

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

Vote Description	Ref	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand							
Revenue by Vote	1						
Vote 1 - [VOTE 1 - Corporate Governance]		159,101	91,201	91,201	15,982	16,861	17,788
Vote 2 - [VOTE 2 - Municipal Manager and Support]		9,450	9,450	9,450	7,632	8,052	8,495
Vote 3 - [VOTE 3 - Corporate Services]		19,284	18,121	18,121	25,538	26,943	28,425
Vote 4 - [VOTE 4 - Budget and Treasury Office]		46,924	36,507	36,507	36,252	38,246	40,350
Vote 5 - [VOTE 5 - Health and Social Development]		61,355	50,133	50,133	38,327	40,435	42,659
Vote 6 - [VOTE 6 - Public Safety]		116,405	65,453	65,453	78,971	83,314	87,896
Vote 7 - [VOTE 7 - Regional Planning and Economic Development]		115,749	74,972	74,972	27,063	28,551	30,122
Vote 8 - [VOTE 8 - Development Agency]		4,392	7,831	4,592	4,542	4,792	5,055
Total Revenue by Vote	2	532,660	353,669	350,430	234,307	247,194	260,789
Expenditure by Vote to be appropriated	1						
Vote 1 - [VOTE 1 - Corporate Governance]		148,447	83,325	83,325	21,237	22,405	23,637
Vote 2 - [VOTE 2 - Municipal Manager and Support]		15,637	11,091	11,091	18,493	19,510	20,583
Vote 3 - [VOTE 3 - Corporate Services]		31,086	31,031	31,031	29,658	31,290	33,011
Vote 4 - [VOTE 4 - Budget and Treasury Office]		36,429	32,404	32,404	25,779	27,196	28,692
Vote 5 - [VOTE 5 - Health and Social Development]		49,173	43,097	43,097	27,266	28,766	30,348
Vote 6 - [VOTE 6 - Public Safety]		130,278	113,367	113,367	91,003	96,008	101,288
Vote 7 - [VOTE 7 - Regional Planning and Economic Development]		107,218	26,902	26,902	16,330	17,228	18,175
Vote 8 - [VOTE 8 - Development Agency]		4,392	6,634	4,592	4,542	4,792	5,055
Total Expenditure by Vote	2	522,660	347,851	345,809	234,307	247,194	260,789
Surplus/(Deficit) for the year	2	10,000	5,818	4,621	-	-	-

8. GRANTS AND SUBSIDIES

Table 5: Budgeted transfers and grants receipts

DC48 West Rand - Supporting Table SA18 Transfers and grant receipts

Description	Ref	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2						
Operating Transfers and Grants							
National Government:		197,073	195,437	195,437	200,112	207,680	215,544
Local Government Equitable Share		31,608	31,608	31,608	34,742	38,616	41,936
RSC Levy Replacement		161,579	161,579	161,579	163,265	168,064	172,608
Finance Management		1,250	1,250	1,250	1,000	1,000	1,000
Municipal Systems Improvement		1,636	-	-	-	-	-
EPWP Incentive		1,000	1,000	1,000	1,105	-	-
Provincial Government:		10,224	10,224	10,224	11,088	11,698	12,341
Health subsidy		7,424	7,424	7,424	8,288	8,744	9,225
Library Grant		2,800	2,800	2,800	2,800	2,954	3,116
Other grant providers:		-	-	-	-	-	-
LG SETA		-	-	-	-	-	-
Total Operating Transfers and Grants	5	207,297	205,661	205,661	211,200	219,378	227,885
Capital Transfers and Grants							
National Government:		12,589	55,866	55,866	2,598	2,748	2,907
Neighbourhood Development Partnership		10,000	53,277	53,277	-	-	-
Rural Asset Management(Capital Grant)		2,589	2,589	2,589	2,598	2,748	2,907
Total Capital Transfers and Grants	5	12,589	55,866	55,866	2,598	2,748	2,907
TOTAL RECEIPTS OF TRANSFERS & GRANTS		219,886	261,527	261,527	213,798	222,126	230,792

Total grants and subsidies (including capital grants) as per Division of revenue bill and provincial gazettes amounts to R213 million. This results in a decrease of R48 million as compared to previous year.

Grant	Increase/ (Decrease)	%
Local Government Equitable Share	3,134	10%
RSC Levy Replacement	1,686	1%
Finance Management	(250)	-20%
Municipal Systems Improvement	(1,636)	-100%
EPWP Incentive	105	11%
Health subsidy	864	12%
Library Grant	-	0%
Neighbourhood Development Partnership	(53,277)	-100%
Rural Asset Management(Capital Grant)	9	0%
OVERALL EFFECT	(49,365)	-187%

9. SUMMARY OF CAPITAL BUDGET

Table 6: Capital budget

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

Vote Description	Ref	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1							
Capital Expenditure - Functional								
<i>Governance and administration</i>		-	30	30	30	-	-	-
Executive and council								
Finance and administration		-	30	30	30	-	-	-
Internal audit								
<i>Economic and environmental services</i>		10,000	53,277	53,277	53,277	-	-	-
Planning and development		10,000	53,277	53,277	53,277	-	-	-
Road transport								
Environmental protection								
Total Capital Expenditure - Functional	3	10,000	53,307	53,307	53,307	-	-	-
Funded by:								
National Government		10,000	53,277	53,277	53,277	-	-	-
Provincial Government								
District Municipality								
Other transfers and grants								
Transfers recognised - capital	4	10,000	53,277	53,277	53,277	-	-	-
Public contributions & donations	5							
Borrowing	6							
Internally generated funds								
Total Capital Funding	7	10,000	53,277	53,277	53,277	-	-	-

No capital revenue was appropriated for the district municipality in 2018/2019. The Municipality has not budgeted for any capital projects in 2018/2019.

10. CASH FLOW

Table 7: Budgeted cash flow

DC48 West Rand - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates						-	-	-
Service charges		2,352	601	601	601	601	634	669
Other revenue		301,547	83,475	83,475	83,475	14,164	14,943	15,764
Government - operating	1	207,297	205,661	205,661	205,661	213,798	225,557	237,963
Government - capital	1	12,589	55,866	55,866	55,866	-	-	-
Interest		1,995	1,521	1,521	1,521	1,203	1,269	1,339
Dividends			-			-	-	-
Payments								
Suppliers and employees		(505,864)	(332,498)	(332,498)	(332,498)	(373,775)	(394,333)	(416,021)
Finance charges		(3,989)	(3,989)	(3,989)	(3,989)	(1,486)	(1,567)	(1,653)
Transfers and Grants	1	(4,392)	(9,652)	(9,652)	(9,652)	(4,392)	(4,634)	(4,889)
NET CASH FROM/(USED) OPERATING ACTIVITIES		11,535	985	985	985	(149,888)	(158,132)	(166,829)
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Decrease (Increase) in non-current debtors		-	-	-	-	12,862	-	-
Payments								
Capital assets		(10,000)	(53,277)	(53,277)	(53,277)	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(10,000)	(53,277)	(53,277)	(53,277)	12,862	-	-
NET INCREASE/ (DECREASE) IN CASH HELD								
		1,535	(52,292)	(52,292)	(52,292)	(137,026)	(158,132)	(166,829)
Cash/cash equivalents at the year begin:	2		2,292	2,292	2,292	-	(137,026)	(295,158)
Cash/cash equivalents at the year end:	2	1,535	(50,000)	(50,000)	(50,000)	(137,026)	(295,158)	(461,986)

The municipality is anticipating that after taking into account all revenue and expenditure transactions that there will be a cash flow deficit at the end of the financial year amounting to R137 million. However, the Municipality is allowed to access bank overnight facility up to R50 million in terms of banking and investment policy which was approved by Council on 31 May 2017.

The decrease in non-current debtors relates to payments expected from our local Municipalities with regards to the long-outstanding debt owed to District.

11. FINANCIAL POSITION

Table 8: Budgeted financial position

DC48 West Rand - Table A6 Consolidated Budgeted Financial Position

Description	Ref	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand								
ASSETS								
Current assets								
Cash		1,535	–	–	–	–	–	–
Call investment deposits	1	–	–	–	–	–	–	–
Other debtors		34,500	30,000	30,000	30,000	17,138	18,081	19,075
Inventory	2	782	592	592	592	623	657	693
Total current assets		36,817	30,592	30,592	30,592	17,761	18,738	19,769
Non current assets								
Long-term receivables		1,743	1,055	1,055	1,055	1,055	1,113	1,174
Investment property		4,980	4,980	4,980	4,980	4,980	4,980	4,980
Investment in Associate		14,579	14,579	14,579	14,579	14,579	14,579	14,579
Property, plant and equipment	3	84,205	89,527	89,527	89,527	87,022	91,808	96,857
Biological		1,034	1,112	1,112	1,112	1,312	1,384	1,460
Intangible		97	–	–	–	–	–	–
Total non current assets		106,638	111,252	111,252	111,252	108,947	113,864	119,050
TOTAL ASSETS		143,455	141,844	141,844	141,844	126,708	132,601	138,819
LIABILITIES								
Current liabilities								
Overnight Facility	1	–	50,000	50,000	50,000	50,000	52,750	55,651
Trade and other payables	4	31,546	63,333	63,333	63,333	87,653	92,474	97,560
Provisions		4,834	4,834	4,834	4,834	5,085	5,365	5,660
Total current liabilities		36,380	118,167	118,167	118,167	142,738	150,589	158,872
Non current liabilities								
Borrowing		–	–	–	–	–	–	–
Provisions		67,961	67,961	67,961	67,961	71,495	75,427	79,575
Total non current liabilities		67,961	67,961	67,961	67,961	71,495	75,427	79,575
TOTAL LIABILITIES		104,341	186,128	186,128	186,128	214,233	226,016	238,447
NET ASSETS	5	39,114	(44,284)	(44,284)	(44,284)	(87,525)	(93,414)	(99,628)
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)		24,535	(58,863)	(58,863)	(58,863)	(102,104)	(108,795)	(115,855)
Reserves	4	14,579	14,579	14,579	14,579	14,579	15,381	16,227
TOTAL COMMUNITY WEALTH/EQUITY	5	39,114	(44,284)	(44,284)	(44,284)	(87,525)	(93,414)	(99,628)

12. BUDGET RELATED POLICIES

Budgeting is central to the process of prioritizing for service delivery and the management of the functions of Council. The District's budgeting process is guided, and governed, by relevant legislation and budget related policies. The following are the key policies that affect, or are affected, by the annual budget:

- Banking and investment policy
- Virement policy
- Credit control and debt management policy
- Supply chain management policy
- Supply chain management for infrastructure policy
- Fleet management policy
- Funding and Reserves Policy
- Budget Management Policy
- Asset management policy
- Unauthorized, irregular or fruitless and wasteful expenditure policy
- Unforeseen and unavoidable expenditure policy
- Revenue enhancement strategy
- Tariff book

13. RECOMMENDATION

In terms of the Municipal Finance Management Act, 2003 (Act no 56 of 2003), the 2018/ 2019 draft budget of the District Municipality and the Development Agency be tabled as follows:

- That the operational expenditure budget be R234 million
- That the revenue budget be R234 million
- That budget related policies be reviewed and workshopped to Councilors