

DRAFT ANNUAL BUDGET

OF

ELIAS MOTSOALEDI

LOCAL MUNICIPALITY



2014/15 TO 2016/17

MEDIUM TERM REVENUE AND

EXPENDITURE FORECASTS

ANNUAL BUDGET RELATED RESOLUTIONS

1. Council resolves that the draft budget of Elias Motsoaledi Local Municipality for the financial year 2014/15, with three year audited actual and the two projected outer years 2015/16 and 2016/17 be approved in the following schedules:
 - 1.1 Budgeted summary on table A1;
 - 1.2 Budgeted financial performance (revenue and expenditure by classification reflected on table A2);
 - 1.3 Budgeted financial performance (revenue and expenditure by municipal vote reflected on table A3);
 - 1.4 Budgeted financial performance (revenue source and expenditure by type reflected on table A4);
 - 1.5 Budgeted capital budget by vote, standard classification and funding as reflected on table A5;
 - 1.6 Budgeted financial position as reflected on table A6;
 - 1.7 Measurable performance objective for revenue source as per Cash flow table A7;
 - 1.8 Cash back reserve/ accumulated surplus reconciliation on A8;
 - 1.9 Asset management as reflected on table A9; and
 - 1.10 The basic service delivery measurement on table A10;
2. Council resolves that property rates be approved for the budget year 2014/15.
3. Council resolves that the tariffs policy be adopted for public participation and the following tariff and charges reflected on the listed pages be approved for the draft budget 2014/15 financial year
 - Electricity
 - Refuse removal
 - Basic charges
 - Sundry tariffs
4. Council resolve to adopt the amended draft Integrated Development Plan (IDP).
5. Council notes that the SDBIP submission and approval of the SDBIP will be dealt with in accordance with sections 69(3)(a) and 53(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

PART 1- DRAFT ANNUAL BUDGET

1.1 Executive Summary

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 municipal services are provided sustainably, economically and equitably to all communities.

Section 17 of Municipal Finance Management Act (MFMA) requires the municipality to prepare an annual budget in the prescribed format.

National Treasury's MFMA circular number 70 and 72 have been used as guidance for the compilation of the 2014/15 MTREF.

Table 1 Consolidated Overview of the 2014/15 MTREF

| Description | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
|---|------------------------|---------------------------|---------------------------|
| Total Revenue | 336,626,900 | 399,724,877 | 404,942,080 |
| Less: Transfers recognised capital | 51,140,000 | 61,901,000 | 56,245,000 |
| Total Operating Revenue | 285,486,900 | 337,823,877 | 348,697,080 |
| Total Operating Expenditure | 302,497,603 | 319,211,712 | 336,775,464 |
| Less: Depreciation and impairment of assets | 35,000,000 | 36,890,000 | 38,882,060 |
| Less: Debt Impairment | 3,000,000 | 3,162,000 | 3,332,748 |
| Total Net Operating Expenditure | 264,497,603 | 279,159,712 | 294,560,656 |
| Surplus/(Deficit) | 20,989,297 | 58,664,165 | 54,136,424 |
| Total Capital Expenditure | 72,090,000 | 96,224,715 | 90,589,103 |
| Grants Funding | 51,140,000 | 61,901,000 | 56,245,000 |
| Own Funding | 20,950,000 | 34,323,715 | 34,344,103 |

Total operating revenue has grown by 10.76% or R32.7 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 18.74% and 1.31% respectively, equating to a total revenue growth of R68, 315million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R302,647 million and translates into a budgeted surplus of R34,129 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 3,44% in the 2014/15 budget and by 5,47% and 5,50% for each of the respective outer years of the MTREF. The operating surplus for 2015/16 financial year steadily increases to R80,513 million and then

'decreases to R68,166 million in 2016/17 financial year. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R72,090 million for 2014/15 is 0,35% more when compared to the 2013/14 Adjustment Budget. The capital programme increases to R96,225 million in the 2015/16 financial year and to R90,589 million in the 2016/17 financial year. A substantial portion of the capital budget will be funded from Municipal Infrastructure Grant (MIG) and the funding will be R50,840 million representing 70,52% of the total capital expenditure during the 2014/15 financial year and R53,601 million and R56,945 million respectively in the two outer years. The balance will be funded internally generated funds and other grants such as Financial Management Grant (R300,000 for all financial years) and Integrated Electrification Programme (R8 million for 2015/16).

1.2 Operating Revenue Framework

For Elias Motsoaledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. 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 development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to setting of tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure a 95% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

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

Table 2 Summary of revenue classified by main revenue source

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Revenue By Source | | | | | | | | | | |
| Property rates | 10,706 | 11,033 | 17,900 | 34,000 | 23,725 | 23,725 | - | 31,000 | 32,674 | 34,438 |
| Property rates - penalties & collection charges | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | 33,937 | 44,172 | 47,884 | 47,000 | 47,000 | 47,000 | - | 58,200 | 61,343 | 64,655 |
| Service charges - water revenue | - | 1 | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 2,127 | 2,523 | 2,578 | 2,905 | 2,910 | 2,910 | - | 6,143 | 6,475 | 6,824 |
| Service charges - other | - | - | - | - | - | - | - | 2,736 | 2,884 | 3,039 |
| Rental of facilities and equipment | 683 | 811 | 771 | 705 | 775 | 775 | - | 1,035 | 1,091 | 1,150 |
| Interest earned - external investments | 3,869 | 2,344 | 878 | 630 | 3,130 | 3,130 | - | 3,105 | 3,273 | 3,449 |
| Interest earned - outstanding debtors | 1,868 | 2,580 | 3,733 | 3,820 | 5,020 | 5,020 | - | 5,000 | 5,270 | 5,555 |
| Dividends received | - | - | - | - | - | - | - | - | - | - |
| Fines | 2,408 | 1,031 | 792 | 1,200 | 673 | 673 | - | 1,010 | 1,065 | 1,122 |
| Licences and permits | 4,268 | 5,370 | 5,249 | 5,500 | 5,500 | 5,500 | - | 5,513 | 5,810 | 6,124 |
| Agency services | 3,194 | 3,191 | 3,187 | 7,201 | 7,201 | 7,201 | - | - | - | - |
| Transfers recognised - operational | 101,826 | 117,269 | 132,856 | 146,878 | 146,803 | 146,803 | - | 170,341 | 216,460 | 220,780 |
| Other revenue | 5,391 | 6,634 | 4,625 | 14,164 | 7,519 | 7,519 | - | 1,404 | 1,480 | 1,560 |
| Gains on disposal of PPE | (1,830) | 1,789 | 508 | (400) | - | - | - | - | - | - |
| Total Revenue (excl' capital transfers) | 168,447 | 198,750 | 220,960 | 263,603 | 250,255 | 250,255 | - | 285,487 | 337,824 | 348,697 |

Table 3 Percentage growth in revenue by main revenue source'

| Description | Current Year 2013/14 | | 2014/15 Medium Term Revenue & Expenditure Framework | | | | | |
|---|----------------------|--------------|---|--------------|------------------------|--------------|------------------------|--------------|
| | Adjusted Budget | % | Budget Year 2014/15 | % | Budget Year +1 2015/16 | % | Budget Year +2 2016/17 | % |
| Revenue By Source | | | | | | | | |
| Property rates | 23,725 | 9.5% | 31,000 | 10.9% | 32,674 | 9.7% | 34,438 | 9.9% |
| Property rates - penalties & collection charges | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Service charges - electricity revenue | 47,000 | 18.8% | 58,200 | 20.4% | 61,343 | 18.2% | 64,655 | 18.5% |
| Service charges - water revenue | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Service charges - sanitation revenue | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Service charges - refuse revenue | 2,910 | 1.2% | 6,143 | 2.2% | 6,475 | 1.9% | 6,824 | 2.0% |
| Service charges - other | - | 0.0% | 2,736 | 1.0% | 2,884 | 0.9% | 3,039 | 0.9% |
| Rental of facilities and equipment | 775 | 0.3% | 1,035 | 0.4% | 1,091 | 0.3% | 1,150 | 0.3% |
| Interest earned - external investments | 3,130 | 1.3% | 3,105 | 1.1% | 3,273 | 1.0% | 3,449 | 1.0% |
| Interest earned - outstanding debtors | 5,020 | 2.0% | 5,000 | 1.8% | 5,270 | 1.6% | 5,555 | 1.6% |
| Dividends received | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Fines | 673 | 0.3% | 1,010 | 0.4% | 1,065 | 0.3% | 1,122 | 0.3% |
| Licences and permits | 5,500 | 2.2% | 5,513 | 1.9% | 5,810 | 1.7% | 6,124 | 1.8% |
| Agency services | 7,201 | 2.9% | - | 0.0% | - | 0.0% | - | 0.0% |
| Transfers recognised - operational | 146,803 | 58.7% | 170,341 | 59.7% | 216,460 | 64.1% | 220,780 | 63.3% |
| Other revenue | 7,519 | 3.0% | 1,404 | 0.5% | 1,480 | 0.4% | 1,560 | 0.4% |
| Gains on disposal of PPE | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Total Revenue (excl' capital transfers) | 250,255 | 100% | 285,487 | 100% | 337,824 | 100% | 348,697 | 100% |
| Total revenue from rates and service charges | 73,635 | 29.4% | 98,079 | 34.4% | 103,375 | 30.6% | 108,958 | 31.2% |

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

Revenue generated from operating grants amounts to 57,7% (2014/15 financial year) making it clear that the Municipality is depending mainly on grants. In addition, revenue generated from rates and services charges amounts to 29,4% of the revenue basket for the Municipality. In the 2013/14 financial year, revenue from rates and services charges add up to R73,635million or 29,4%. This increases to R98,079million, R103,375million and R108,958 million in the respective financial years of the MTREF.

Service charges – Electricity is the second largest revenue source totaling 20,4% or R58,2 million rand and increases to R61,343 million and R64,655 million respectively in the outer years. The third largest source is Property rates that amount to R31 million in 2014/15 financial year and R32,674 million and R34,438 million in the outer years.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges are revised, local economic conditions, input costs and the affordability of services will be taken into account to ensure the financial sustainability of the Municipality. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible and as a result, departments will have to justify in their budget documentation all increases in excess of the 5,6% upper boundary of the South African Reserve Bank's inflation target as outlined in MFMA circular 70. Excessive increases are likely to be counterproductive, indirectly resulting in higher levels of non-payment.

1.3 Operating Expenditure Framework

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

- The renewal of assets and the repairs and maintenance needs;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The alignment of capital programme to the asset renewal requirement as per MBRR;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

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

Table 4 Summary of operating expenditure by standard classification item

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 53,474 | 56,253 | 69,573 | 99,612 | 99,451 | 99,451 | - | 106,836 | 112,826 | 119,245 |
| Remuneration of councillors | 14,201 | 14,476 | 14,719 | 15,058 | 15,058 | 15,058 | - | 16,283 | 17,163 | 18,090 |
| Debt impairment | 3,159 | 6,783 | 3,597 | 1,890 | 1,890 | 1,890 | - | 3,000 | 3,162 | 3,333 |
| Depreciation & asset impairment | 23,410 | 32,124 | 32,894 | 32,000 | 32,000 | 32,000 | - | 35,000 | 36,890 | 38,882 |
| Finance charges | 277 | 287 | 113 | 90 | - | - | - | - | - | - |
| Bulk purchases | 29,029 | 40,739 | 46,120 | 58,037 | 57,537 | 57,537 | - | 47,000 | 49,538 | 52,213 |
| Other materials | 1,415 | 1,718 | 1,224 | 2,531 | 2,729 | 2,729 | - | 1,820 | 1,918 | 2,022 |
| Contracted services | 5,343 | 7,512 | 7,289 | 12,754 | 11,972 | 11,972 | - | 10,500 | 11,067 | 11,665 |
| Transfers and grants | 2,369 | 2,552 | 2,483 | 3,066 | 3,066 | 3,066 | - | 12,200 | 12,859 | 13,553 |
| Other expenditure | 32,627 | 41,830 | 28,990 | 66,029 | 68,894 | 68,894 | - | 69,858 | 73,789 | 77,773 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | 165,303 | 204,273 | 207,004 | 291,068 | 292,597 | 292,597 | - | 302,498 | 319,212 | 336,775 |

The budgeted allocation for employee related costs for the 2014/15 financial year totals R106,836 million, which equals 35% of the total operating expenditure. Based on MFMA circular 70, the three year salary increases have been factored into this budget at a percentage increase of 6,8% for the 2014/15 financial year. An annual increase of 6,4% has been included in the two outer years of the MTREF.

The cost associated with the remuneration of Councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

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 R35 million for the 2014/15 financial and equates to 11.56 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. Cognizance should be taken that depreciation and asset impairment as well as debt impairment constitutes non-cash items and as a result they are excluded when determining surplus to be expended for funding capital projects.

No budget has been appropriated for finance charges since this budget line item consist primarily of the repayment of interest on long-term borrowing (cost of capital) and ELML does not have long term borrowings. It should be noted that none of the capital projects are funded from borrowings (they are funded from grants and internally generated revenues that do not in anyhow give rise to interest charges).

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the

revenue provisions. The expenditure includes distribution losses. The 2014/15 budget has been reduced as compared to 2013/14 financial year and this is due to underspending that is being experienced in the latter financial year.

The following diagram gives a breakdown of the main expenditure categories for the 2014/15 financial year.

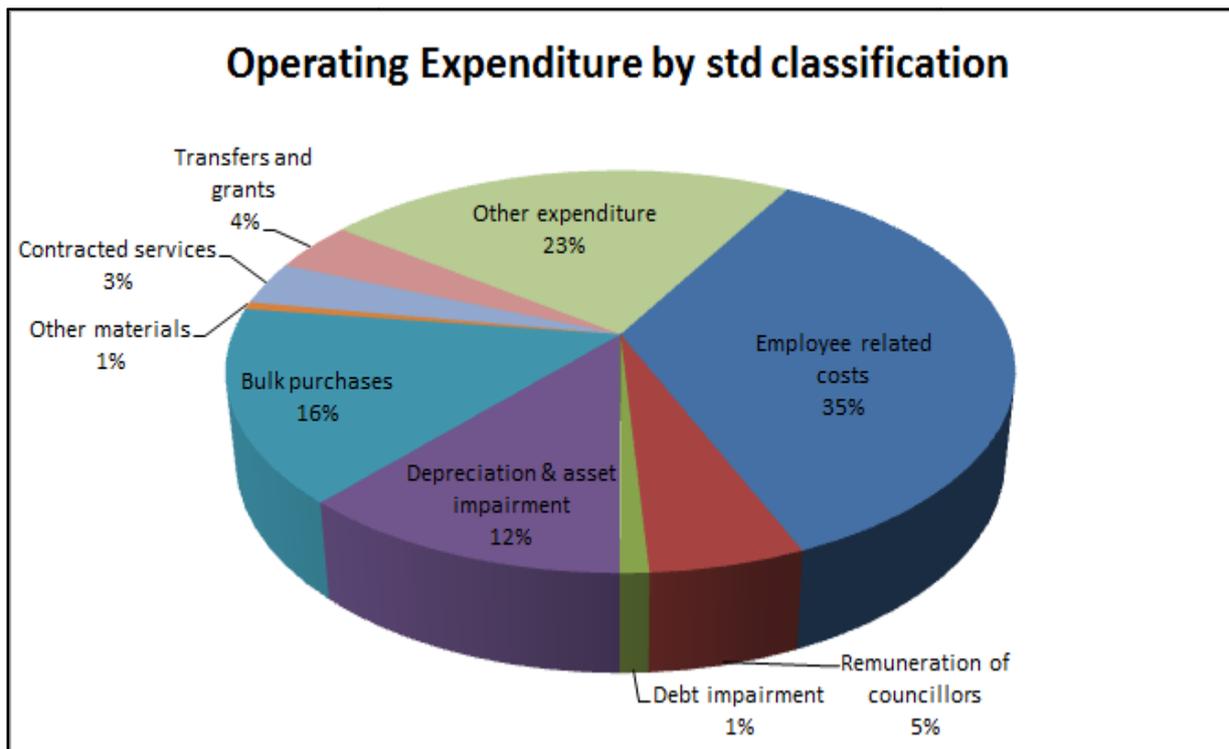


Figure 1 Main operational expenditure categories for the 2014/15 financial year

1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was however reduced by 20,32% in the 2014/15 financial year, from R9,207 million to R7,337 million. During the 2013/14 Adjustment Budget, this allocation was adjusted upwards from R7,773 million to R9,207 million. Notwithstanding the reduction from 2013/14 to 2014/15 financial year, as part of the 2014/15

MTREF this strategic imperative remains a priority and budget appropriations have been made over the MTREF. The total allocation for 2014/15 equates to R7,337 million and grows by 5,4% over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 2,4% for the respective financial years of the MTREF and this percentage is however below the set norm of 8% as stipulated by National Treasury.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 4 Repairs and maintenance per asset class

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Depreciation & asset impairment | 23,410 | 32,124 | 32,894 | 32,000 | 32,000 | 32,000 | 35,000 | 36,890 | 38,882 |
| Repairs and Maintenance by Asset Class | 3,494 | 3,418 | 5,116 | 7,773 | 9,207 | 9,207 | 7,337 | 7,733 | 8,151 |
| <i>Infrastructure - Road transport</i> | - | - | 2,636 | 1,490 | 1,500 | 1,500 | 1,200 | 1,265 | 1,333 |
| <i>Infrastructure - Electricity</i> | - | - | 606 | 900 | 1,000 | 1,000 | 1,000 | 1,054 | 1,111 |
| <i>Infrastructure - Water</i> | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Sanitation</i> | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Other</i> | 1,841 | 2,318 | - | 1,500 | 1,628 | 1,628 | 500 | 527 | 555 |
| Infrastructure | 1,841 | 2,318 | 3,242 | 3,890 | 4,128 | 4,128 | 2,700 | 2,846 | 2,999 |
| Community | - | - | 1,874 | - | 100 | 100 | 6 | 6 | 7 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | 1,653 | 1,101 | - | 3,883 | 4,980 | 4,980 | 4,631 | 4,881 | 5,144 |
| TOTAL EXPENDITURE OTHER ITEMS | 26,904 | 35,542 | 38,010 | 39,773 | 41,207 | 41,207 | 42,337 | 44,623 | 47,033 |

1.3.2 Free Basic Services: Basic Social Services Package

The social package assists of households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR A10 (Basic Service Delivery Measurement) on.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and this package covers all the basic services provided by EMLM and these services include, property rates, service charges electricity, and refuse removal.

1.4 Capital expenditure

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

Table 5 2014/15 Medium-term capital budget per vote

| Vote Description | Current year 2013/14 | | 2014/15 Medium Term Revenue & Expenditure Framework | | | | | |
|--|-------------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| | Adjusted Budget 2013/14 | % | Budget Year 2014/15 | % | Budget Year +1 2015/16 | % | Budget Year +2 2016/17 | % |
| Capital expenditure - Vote | | | | | | | | |
| Vote 1 - Executive & Council | – | 0.0% | – | 0.0% | – | 0.0% | – | 0.0% |
| Vote 2 - Office of the Municipal Manager | – | 0.0% | – | 0.0% | – | 0.0% | – | 0.0% |
| Vote 3 - Budget & Treasury | 75 | 0.1% | 300 | 0.4% | 300 | 0.3% | 300 | 0.3% |
| Vote 4 - Corporate Services | 2,031 | 2.8% | 1,900 | 2.6% | 2,045 | 2.1% | 2,144 | 2.4% |
| Vote 5 - Community Services | – | 0.0% | – | 0.0% | – | 0.0% | – | 0.0% |
| Vote 6 - Technical Services | 68,236 | 95.0% | 69,890 | 96.9% | 93,880 | 97.6% | 88,145 | 97.3% |
| Vote 7 - Strategic Development | – | 0.0% | – | 0.0% | – | 0.0% | – | 0.0% |
| Vote 8 - Development Planning | 1,500 | 2.1% | – | 0.0% | – | 0.0% | – | 0.0% |
| Total Capital Expenditure - Vote | 71,842 | 100% | 72,090 | 100% | 96,225 | 100% | 90,589 | 100% |

For 2014/15 an amount of R69,890 million has been appropriated for the development of infrastructure which represents 96,9% of the total capital budget. In the outer years this amount totals R93,880 million, 97,3% and R88,145 million, 97,3% respectively for each of the financial years. The other departments', *id-est* Budget and Treasury and Corporate Services appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, etc.

Total new assets represent 70,52% or R50,839 million of the total capital budget while asset renewal equates to 29,48% or R21,251 million. The appropriation for asset renewal has significantly improved relative to 2013/14 appropriation. The allocation is however below the required norm of 40% that the renewal of existing assets must contribute to the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 15 MBRR A9 (Asset Management).

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity related projects – R9,150 million
- Roads related projects – R55, 340 million
- Operational equipment – R7,600 million

1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's

2014/15draft budget and MTREF. Each table is accompanied by explanatory notes on the facing page.

Table 6 MBRR Table A1 - Budget Summary

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Financial Performance | | | | | | | | | | |
| Property rates | 10,706 | 11,033 | 17,900 | 34,000 | 23,725 | 23,725 | - | 31,000 | 32,674 | 34,438 |
| Service charges | 36,064 | 46,696 | 50,462 | 49,905 | 49,910 | 49,910 | - | 67,079 | 70,701 | 74,519 |
| Investment revenue | 3,869 | 2,344 | 878 | 630 | 3,130 | 3,130 | - | 3,105 | 3,273 | 3,449 |
| Transfers recognised - operational | 101,826 | 117,269 | 132,856 | 146,878 | 146,803 | 146,803 | - | 170,341 | 216,460 | 220,780 |
| Other own revenue | 15,982 | 21,408 | 18,864 | 32,190 | 26,687 | 26,687 | - | 13,962 | 14,716 | 15,510 |
| Total Revenue (excl' capital transfers) | 168,447 | 198,750 | 220,960 | 263,603 | 250,255 | 250,255 | - | 285,487 | 337,824 | 348,697 |
| Employee costs | 53,474 | 56,253 | 69,573 | 99,612 | 99,451 | 99,451 | - | 106,836 | 112,826 | 119,245 |
| Remuneration of councillors | 14,201 | 14,476 | 14,719 | 15,058 | 15,058 | 15,058 | - | 16,283 | 17,163 | 18,090 |
| Depreciation & asset impairment | 23,410 | 32,124 | 32,894 | 32,000 | 32,000 | 32,000 | - | 35,000 | 36,890 | 38,882 |
| Finance charges | 277 | 287 | 113 | 90 | - | - | - | - | - | - |
| Materials and bulk purchases | 30,444 | 42,457 | 47,344 | 60,569 | 60,266 | 60,266 | - | 48,820 | 51,456 | 54,235 |
| Transfers and grants | 2,369 | 2,552 | 2,483 | 3,066 | 3,066 | 3,066 | - | 12,200 | 12,859 | 13,553 |
| Other expenditure | 41,129 | 56,124 | 39,876 | 80,673 | 82,756 | 82,756 | - | 83,358 | 88,018 | 92,771 |
| Total Expenditure | 165,303 | 204,273 | 207,004 | 291,068 | 292,597 | 292,597 | - | 302,498 | 319,212 | 336,775 |
| Surplus/(Deficit) | 3,144 | (5,523) | 13,956 | (27,464) | (42,342) | (42,342) | - | (17,011) | 18,612 | 11,922 |
| Transfers recognised - capital | 26,702 | 29,037 | 35,223 | 53,596 | 53,671 | 53,671 | - | 51,140 | 61,901 | 56,245 |
| Contributions recognised - capital & contribute | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers | 29,846 | 23,514 | 49,179 | 26,132 | 11,329 | 11,329 | - | 34,129 | 80,513 | 68,167 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 29,846 | 23,514 | 49,179 | 26,132 | 11,329 | 11,329 | - | 34,129 | 80,513 | 68,167 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 101,262 | 105,843 | 57,412 | 59,996 | 71,842 | 71,842 | - | 72,090 | 96,225 | 90,589 |
| Transfers recognised - capital | 26,702 | 29,037 | 35,223 | 53,596 | 53,671 | 53,671 | - | 51,140 | 61,901 | 56,245 |
| Public contributions & donations | - | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 74,560 | 76,806 | 22,189 | 6,400 | 18,171 | 18,171 | - | 20,950 | 34,324 | 34,344 |
| Total sources of capital funds | 101,262 | 105,843 | 57,412 | 59,996 | 71,842 | 71,842 | - | 72,090 | 96,225 | 90,589 |
| Financial position | | | | | | | | | | |
| Total current assets | 66,899 | 38,747 | 45,820 | 39,124 | 150,258 | 150,258 | - | 74,869 | 71,823 | 66,182 |
| Total non current assets | 661,467 | 734,862 | 892,847 | 893,058 | 984,356 | 984,356 | - | 1,077,247 | 1,155,342 | 1,235,931 |
| Total current liabilities | 19,672 | 40,530 | (52,051) | 15,006 | 55,000 | 55,000 | - | 43,000 | 34,500 | 28,800 |
| Total non current liabilities | 25,100 | 25,592 | 28,457 | 29,532 | 40,000 | 40,000 | - | 40,000 | 40,000 | 40,000 |
| Community wealth/Equity | 683,593 | 707,487 | 962,260 | 887,644 | 1,039,614 | 1,039,614 | - | 1,069,116 | 1,152,665 | 1,233,314 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 87,027 | 77,273 | 20,114 | 74,426 | 143,026 | 143,026 | - | 69,959 | 92,565 | 90,381 |
| Net cash from (used) investing | (101,262) | (101,937) | (38,870) | (58,896) | (68,842) | (68,842) | - | (67,090) | (87,696) | (88,789) |
| Net cash from (used) financing | (1,851) | (3,715) | 142 | 266 | 510 | 510 | - | 500 | 500 | 1,000 |
| Cash/cash equivalents at the year end | 35,855 | 7,476 | (11,138) | 8,304 | 90,000 | 90,000 | 15,306 | 23,369 | 28,739 | 31,331 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 35,853 | 7,476 | 32,090 | 23,400 | 90,000 | 90,000 | - | 23,369 | 28,739 | 31,331 |
| Application of cash and investments | (18,420) | 13,686 | (68,461) | 3,097 | (10,960) | (10,960) | - | (1,417) | (1,555) | (887) |
| Balance - surplus (shortfall) | 54,273 | (6,210) | 100,551 | 20,303 | 100,960 | 100,960 | - | 24,786 | 30,294 | 32,218 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 661,467 | 734,862 | 892,847 | 893,058 | 984,356 | 984,356 | 1,077,247 | 1,077,247 | 1,155,342 | 1,235,931 |
| Depreciation & asset impairment | 23,410 | 32,124 | 32,894 | 32,000 | 32,000 | 32,000 | 35,000 | 35,000 | 36,890 | 38,882 |
| Renewal of Existing Assets | - | - | - | 3,000 | 7,047 | 7,047 | 7,047 | 21,251 | 34,695 | 46,089 |
| Repairs and Maintenance | 3,494 | 3,418 | 5,116 | 7,773 | 9,207 | 9,207 | 7,337 | 7,337 | 7,733 | 8,151 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | 3,019 | 1,130 | - | 2,000 | 2,000 | 2,000 | 1,800 | 1,800 | 1,897 | 2,000 |
| Revenue cost of free services provided | 11,714 | 10,035 | 17,353 | 10,253 | 10,253 | 10,253 | 12,200 | 12,200 | 12,859 | 13,553 |
| Households below minimum service level | | | | | | | | | | |
| Water: | 20 | 20 | 20 | 20 | 20 | 20 | 40 | 40 | 40 | 40 |
| Sanitation/sewerage: | 3 | 3 | 3 | 0 | 0 | 0 | 5 | 5 | 5 | 5 |
| Energy: | - | - | - | - | - | - | 2 | 2 | 2 | 2 |
| Refuse: | 53 | 53 | 53 | 53 | 53 | 53 | 54 | 54 | 54 | 54 |

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts contained in the draft budget 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 reform emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure net of non-cash items) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds is financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the municipality is not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserve, EMLM appear to be doing well since it is not operating on overdraft nor funding some of its capital projects through borrowings. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2016/17 the electricity backlog will have been very nearly eliminated.

Table 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| R thousand | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-----------------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Revenue - Standard | | | | | | | | | |
| Governance and administration | 117,316 | 135,065 | 155,890 | 191,917 | 178,432 | 178,432 | 209,229 | 257,432 | 263,948 |
| Executive and council | 1,039 | 1,319 | 1,419 | 1,558 | 1,378 | 1,378 | 934 | 967 | 1,018 |
| Budget and treasury office | 116,156 | 133,357 | 154,194 | 190,083 | 176,927 | 176,927 | 208,195 | 256,359 | 262,819 |
| Corporate services | 120 | 388 | 276 | 277 | 127 | 127 | 100 | 105 | 111 |
| Community and public safety | 8,846 | 8,977 | 8,455 | 9,719 | 6,271 | 6,271 | 9,131 | 9,624 | 10,144 |
| Community and social services | 32 | 43 | 54 | 51 | 53 | 53 | 2,558 | 2,697 | 2,842 |
| Sport and recreation | 4 | - | - | 50 | 50 | 50 | - | - | - |
| Public safety | 6,676 | 6,402 | 5,815 | 6,700 | 6,168 | 6,168 | 6,573 | 6,927 | 7,301 |
| Housing | - | - | - | - | - | - | - | - | - |
| Health | 2,134 | 2,532 | 2,586 | 2,919 | - | - | - | - | - |
| Economic and environmental services | 24,957 | 31,235 | 37,395 | 46,527 | 47,215 | 47,215 | 52,466 | 55,315 | 57,751 |
| Planning and development | 5 | 8 | 15 | 66 | 94 | 94 | 181 | 191 | 201 |
| Road transport | 24,952 | 31,227 | 37,380 | 46,461 | 47,121 | 47,121 | 52,285 | 55,124 | 57,550 |
| Environmental protection | - | - | - | - | - | - | - | - | - |
| Trading services | 44,028 | 52,510 | 54,437 | 69,036 | 72,010 | 72,010 | 65,801 | 77,354 | 73,099 |
| Electricity | 40,834 | 49,319 | 54,437 | 61,835 | 61,835 | 61,835 | 59,290 | 70,492 | 65,866 |
| Water | 2,653 | 2,821 | - | 7,201 | 7,201 | 7,201 | - | - | - |
| Waste water management | 541 | 369 | - | - | - | - | - | - | - |
| Waste management | - | - | - | - | 2,974 | 2,974 | 6,511 | 6,863 | 7,233 |
| Other | 2 | 2 | 6 | - | - | - | - | - | - |
| Total Revenue - Standard | 195,149 | 227,787 | 256,183 | 317,199 | 303,926 | 303,926 | 336,627 | 399,725 | 404,942 |
| Expenditure - Standard | | | | | | | | | |
| Governance and administration | 100,708 | 120,891 | 122,198 | 165,531 | 166,012 | 166,012 | 145,363 | 153,672 | 162,273 |
| Executive and council | 40,994 | 42,447 | 41,217 | 57,751 | 59,172 | 59,172 | 34,392 | 36,284 | 38,282 |
| Budget and treasury office | 45,135 | 59,995 | 53,731 | 62,127 | 59,673 | 59,673 | 66,779 | 70,510 | 74,429 |
| Corporate services | 14,578 | 18,450 | 27,250 | 45,653 | 47,167 | 47,167 | 44,192 | 46,878 | 49,563 |
| Community and public safety | 17,818 | 22,271 | 20,452 | 31,834 | 18,221 | 18,221 | 59,786 | 62,782 | 66,218 |
| Community and social services | 2,993 | 3,460 | 3,428 | 5,384 | 5,666 | 5,666 | 22,606 | 24,084 | 25,561 |
| Sport and recreation | 142 | 451 | 18 | 272 | 272 | 272 | 445 | 472 | 499 |
| Public safety | 8,063 | 8,356 | 9,208 | 14,083 | 12,283 | 12,283 | 36,736 | 38,226 | 40,157 |
| Housing | - | - | - | - | - | - | - | - | - |
| Health | 6,620 | 10,004 | 7,799 | 12,094 | - | - | - | - | - |
| Economic and environmental services | 17,752 | 21,751 | 17,919 | 34,933 | 36,642 | 36,642 | 28,132 | 29,726 | 31,225 |
| Planning and development | 6,065 | 7,394 | 6,256 | 11,335 | 11,293 | 11,293 | 11,138 | 11,808 | 12,521 |
| Road transport | 11,687 | 14,356 | 11,663 | 23,597 | 25,350 | 25,350 | 16,994 | 17,918 | 18,704 |
| Environmental protection | - | - | - | - | - | - | - | - | - |
| Trading services | 29,025 | 39,359 | 46,434 | 58,770 | 71,722 | 71,722 | 69,215 | 73,031 | 77,059 |
| Electricity | 29,025 | 39,359 | 46,434 | 58,770 | 59,840 | 59,840 | 59,202 | 62,431 | 65,837 |
| Water | - | - | - | - | - | - | - | - | - |
| Waste water management | 0 | - | - | - | - | - | - | - | - |
| Waste management | - | - | - | - | 11,882 | 11,882 | 10,013 | 10,600 | 11,223 |
| Other | 1 | 1 | - | - | - | - | - | - | - |
| Total Expenditure - Standard | 165,303 | 204,273 | 207,004 | 291,068 | 292,597 | 292,597 | 302,498 | 319,212 | 336,775 |
| Surplus/(Deficit) for the year | 29,846 | 23,514 | 49,179 | 26,132 | 11,329 | 11,329 | 34,129 | 80,513 | 68,167 |

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 8MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - Executive & Council | – | – | – | – | – | – | – | – | – |
| Vote 2 - Office of the Municipal Manager | 678 | 790 | 800 | 890 | 890 | 890 | 934 | 967 | 1,018 |
| Vote 3 - Budget & Treasury | 116,165 | 133,363 | 154,197 | 190,133 | 176,927 | 176,927 | 208,195 | 256,359 | 262,819 |
| Vote 4 - Corporate Services | 120 | 388 | 276 | 277 | 127 | 127 | 100 | 105 | 111 |
| Vote 5 - Community Services | 9,025 | 9,241 | 8,894 | 9,947 | 9,732 | 9,732 | 15,642 | 16,487 | 17,377 |
| Vote 6 - Technical Services | 69,157 | 83,997 | 92,001 | 115,887 | 116,157 | 116,157 | 111,575 | 125,616 | 123,416 |
| Vote 7 - Strategic Development | – | – | – | – | – | – | – | – | – |
| Vote 8 - Development Planning | 5 | 8 | 15 | 66 | 94 | 94 | 181 | 191 | 201 |
| Total Revenue by Vote | 195,149 | 227,787 | 256,183 | 317,199 | 303,926 | 303,926 | 336,627 | 399,725 | 404,942 |
| Expenditure by Vote | | | | | | | | | |
| Vote 1 - Executive & Council | 20,399 | 23,963 | 21,554 | 26,884 | 27,882 | 27,882 | 25,227 | 26,590 | 28,026 |
| Vote 2 - Office of the Municipal Manager | 7,752 | 4,328 | 5,349 | 7,436 | 8,049 | 8,049 | 9,165 | 9,695 | 10,256 |
| Vote 3 - Budget & Treasury | 45,195 | 59,995 | 53,731 | 62,127 | 59,673 | 59,673 | 66,779 | 70,510 | 74,429 |
| Vote 4 - Corporate Services | 14,578 | 18,450 | 27,250 | 45,653 | 47,167 | 47,167 | 44,192 | 46,878 | 49,563 |
| Vote 5 - Community Services | 30,221 | 35,799 | 34,154 | 54,524 | 53,344 | 53,344 | 69,800 | 73,382 | 77,441 |
| Vote 6 - Technical Services | 41,094 | 54,344 | 58,709 | 83,108 | 85,190 | 85,190 | 76,196 | 80,349 | 84,541 |
| Vote 7 - Strategic Development | – | – | – | 4,153 | 5,161 | 5,161 | 5,483 | 5,814 | 6,166 |
| Vote 8 - Development Planning | 6,065 | 7,394 | 6,256 | 7,182 | 6,132 | 6,132 | 5,656 | 5,995 | 6,355 |
| Total Expenditure by Vote | 165,303 | 204,273 | 207,004 | 291,068 | 292,597 | 292,597 | 302,498 | 319,212 | 336,775 |
| Surplus/(Deficit) for the year | 29,846 | 23,514 | 49,179 | 26,132 | 11,329 | 11,329 | 34,129 | 80,513 | 68,167 |

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality.

Table 90 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Revenue By Source | | | | | | | | | | |
| Property rates | 10,706 | 11,033 | 17,900 | 34,000 | 23,725 | 23,725 | - | 31,000 | 32,674 | 34,438 |
| Property rates - penalties & collection charges | | | | | | | - | | | |
| Service charges - electricity revenue | 33,937 | 44,172 | 47,884 | 47,000 | 47,000 | 47,000 | - | 58,200 | 61,343 | 64,655 |
| Service charges - water revenue | - | 1 | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 2,127 | 2,523 | 2,578 | 2,905 | 2,910 | 2,910 | - | 6,143 | 6,475 | 6,824 |
| Service charges - other | - | - | - | - | - | - | - | 2,736 | 2,884 | 3,039 |
| Rental of facilities and equipment | 683 | 811 | 771 | 705 | 775 | 775 | - | 1,035 | 1,091 | 1,150 |
| Interest earned - external investments | 3,869 | 2,344 | 878 | 630 | 3,130 | 3,130 | - | 3,105 | 3,273 | 3,449 |
| Interest earned - outstanding debtors | 1,868 | 2,580 | 3,733 | 3,820 | 5,020 | 5,020 | - | 5,000 | 5,270 | 5,555 |
| Dividends received | - | - | - | - | - | - | - | - | - | - |
| Fines | 2,408 | 1,031 | 792 | 1,200 | 673 | 673 | - | 1,010 | 1,065 | 1,122 |
| Licences and permits | 4,268 | 5,370 | 5,249 | 5,500 | 5,500 | 5,500 | - | 5,513 | 5,810 | 6,124 |
| Agency services | 3,194 | 3,191 | 3,187 | 7,201 | 7,201 | 7,201 | - | | | |
| Transfers recognised - operational | 101,826 | 117,269 | 132,856 | 146,878 | 146,803 | 146,803 | - | 170,341 | 216,460 | 220,780 |
| Other revenue | 5,391 | 6,634 | 4,625 | 14,164 | 7,519 | 7,519 | - | 1,404 | 1,480 | 1,560 |
| Gains on disposal of PPE | (1,830) | 1,789 | 508 | (400) | - | - | - | - | - | - |
| Total Revenue (excl' capital transfers) | 168,447 | 198,750 | 220,960 | 263,603 | 250,255 | 250,255 | - | 285,487 | 337,824 | 348,697 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 53,474 | 56,253 | 69,573 | 99,612 | 99,451 | 99,451 | - | 106,836 | 112,826 | 119,245 |
| Remuneration of councillors | 14,201 | 14,476 | 14,719 | 15,058 | 15,058 | 15,058 | - | 16,283 | 17,163 | 18,090 |
| Debt impairment | 3,159 | 6,783 | 3,597 | 1,890 | 1,890 | 1,890 | - | 3,000 | 3,162 | 3,333 |
| Depreciation & asset impairment | 23,410 | 32,124 | 32,894 | 32,000 | 32,000 | 32,000 | - | 35,000 | 36,890 | 38,882 |
| Finance charges | 277 | 287 | 113 | 90 | - | - | - | - | - | - |
| Bulk purchases | 29,029 | 40,739 | 46,120 | 58,037 | 57,537 | 57,537 | - | 47,000 | 49,538 | 52,213 |
| Other materials | 1,415 | 1,718 | 1,224 | 2,531 | 2,729 | 2,729 | - | 1,820 | 1,918 | 2,022 |
| Contracted services | 5,343 | 7,512 | 7,289 | 12,754 | 11,972 | 11,972 | - | 10,500 | 11,067 | 11,665 |
| Transfers and grants | 2,369 | 2,552 | 2,483 | 3,066 | 3,066 | 3,066 | - | 12,200 | 12,859 | 13,553 |
| Other expenditure | 32,627 | 41,830 | 28,990 | 66,029 | 68,894 | 68,894 | - | 69,858 | 73,789 | 77,773 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | 165,303 | 204,273 | 207,004 | 291,068 | 292,597 | 292,597 | - | 302,498 | 319,212 | 336,775 |
| Surplus/(Deficit) | 3,144 | (5,523) | 13,956 | (27,464) | (42,342) | (42,342) | - | (17,011) | 18,612 | 11,922 |
| Transfers recognised - capital | 26,702 | 29,037 | 35,223 | 53,596 | 53,671 | 53,671 | - | 51,140 | 61,901 | 56,245 |
| Contributions recognised - capital | - | - | - | - | - | - | - | - | - | - |
| Contributed assets | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers | 29,846 | 23,514 | 49,179 | 26,132 | 11,329 | 11,329 | - | 34,129 | 80,513 | 68,167 |
| Taxation | | | | | | | | | | |
| Surplus/(Deficit) after taxation | 29,846 | 23,514 | 49,179 | 26,132 | 11,329 | 11,329 | - | 34,129 | 80,513 | 68,167 |
| Attributable to minorities | | | | | | | | | | |
| Surplus/(Deficit) | 29,846 | 23,514 | 49,179 | 26,132 | 11,329 | 11,329 | - | 34,129 | 80,513 | 68,167 |
| Share of surplus/ (deficit) of associate | | | | | | | | | | |
| Surplus/(Deficit) for the year | 29,846 | 23,514 | 49,179 | 26,132 | 11,329 | 11,329 | - | 34,129 | 80,513 | 68,167 |

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

1. Total revenue is R285,487 million in 2014/15 and escalates to R348,697 million by 2016/17. This represents a year-on-year increase of 14,08% for the 2014/15 financial year, 18,33% for the 2015/16 financial year and a decrease of 3,22% in 2016/17 financial year.
2. Revenue to be generated from property rates is R31 million in the 2014/15 financial year and increases to R34,438 million by 2016/17 which represents 10,86% of the operating revenue base of the Municipality for 2014/15 financial year and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term.
3. Services charges relating to electricity and refuse removal also contribute to the revenue basket of the Municipality totaling R64,343 million for the 2014/15 financial year and increasing to R67,818 million by 2015/16 and increasing to R71,480 million in 2016/17 financial year. For the 2014/15 financial year, services charges amount to 22,54% of the total revenue base and grows by 5,4% per annum over the medium-term.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national. It needs to be noted that in real terms the grants receipts from national government has increased by 16,03% in 2014/15 financial year, by 22,07% in 2015/16 financial year and by 2% in 2016/17 financial years.
5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

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

| Vote Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-----------------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Capital Expenditure - Standard | | | | | | | | | | |
| Governance and administration | 1,380 | (0) | - | 1,500 | 2,106 | 2,106 | - | 2,200 | 2,345 | 2,444 |
| Executive and council | - | - | - | - | - | - | - | - | - | - |
| Budget and treasury office | 1,244 | - | - | - | 75 | 75 | - | 300 | 300 | 300 |
| Corporate services | 136 | (0) | - | 1,500 | 2,031 | 2,031 | - | 1,900 | 2,045 | 2,144 |
| Community and public safety | 263 | 2,993 | 112 | - | - | - | - | - | - | - |
| Community and social services | 263 | 2,993 | - | - | - | - | - | - | - | - |
| Sport and recreation | - | - | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - | - | - |
| Housing | - | - | - | - | - | - | - | - | - | - |
| Health | - | - | 112 | - | - | - | - | - | - | - |
| Economic and environmental services | 82,575 | 85,689 | 40,183 | 43,906 | 54,985 | 54,985 | - | 63,741 | 79,030 | 82,945 |
| Planning and development | 180 | - | - | 1,800 | 1,500 | 1,500 | - | 600 | - | - |
| Road transport | 82,395 | 85,689 | 40,183 | 42,106 | 53,485 | 53,485 | - | 63,141 | 79,030 | 82,945 |
| Environmental protection | - | - | - | - | - | - | - | - | - | - |
| Trading services | - | - | - | 14,590 | 14,751 | 14,751 | - | 6,150 | 14,850 | 5,200 |
| Electricity | - | - | - | 14,590 | 14,751 | 14,751 | - | 6,150 | 14,850 | 5,200 |
| Water | - | - | - | - | - | - | - | - | - | - |
| Waste water management | - | - | - | - | - | - | - | - | - | - |
| Waste management | - | - | - | - | - | - | - | - | - | - |
| Other | 17,044 | 17,161 | 17,117 | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 101,262 | 105,843 | 57,412 | 59,996 | 71,842 | 71,842 | - | 72,091 | 96,225 | 90,589 |
| Funded by: | | | | | | | | | | |
| National Government | 26,702 | 29,037 | 35,223 | 53,596 | 53,671 | 53,671 | - | 51,141 | 61,901 | 56,245 |
| Provincial Government | - | - | - | - | - | - | - | - | - | - |
| District Municipality | - | - | - | - | - | - | - | - | - | - |
| Other transfers and grants | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 26,702 | 29,037 | 35,223 | 53,596 | 53,671 | 53,671 | - | 51,141 | 61,901 | 56,245 |
| Public contributions & donations | - | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 74,560 | 76,806 | 22,189 | 6,400 | 18,171 | 18,171 | - | 20,950 | 34,324 | 34,344 |
| Total Capital Funding | 101,262 | 105,843 | 57,412 | 59,996 | 71,842 | 71,842 | - | 72,091 | 96,225 | 90,589 |

| Vote Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Capital expenditure - Vote | | | | | | | | | | |
| Multi-year expenditure | | | | | | | | | | |
| Vote 1 - Executive & Council | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Office of the Municipal Manager | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Budget & Treasury | - | - | - | - | - | - | - | 300 | 300 | 300 |
| Vote 4 - Corporate Services | - | - | - | - | - | - | - | 1,900 | 2,045 | 2,144 |
| Vote 5 - Community Services | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Technical Services | - | - | - | - | 54,604 | 54,604 | - | 46,829 | 76,751 | 84,145 |
| Vote 7 - Strategic Development | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Development Planning | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | - | - | - | - | 54,604 | 54,604 | - | 49,029 | 79,096 | 86,589 |
| Single-year expenditure | | | | | | | | | | |
| Vote 1 - Executive & Council | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Office of the Municipal Manager | 16,789 | - | - | - | - | - | - | - | - | - |
| Vote 3 - Budget & Treasury | 1,287 | - | - | - | 75 | 75 | - | - | - | - |
| Vote 4 - Corporate Services | 136 | - | - | 1,500 | 2,031 | 2,031 | - | - | - | - |
| Vote 5 - Community Services | 263 | 2,993 | 1,067 | - | - | - | - | - | - | - |
| Vote 6 - Technical Services | - | - | - | - | - | - | - | 23,061 | 17,129 | 4,000 |
| Vote 7 - Strategic Development | 82,807 | 102,850 | 53,761 | 56,696 | 13,632 | 13,632 | - | - | - | - |
| Vote 8 - Development Planning | - | - | 2,584 | 1,800 | 1,500 | 1,500 | - | - | - | - |
| Capital single-year expenditure sub-total | 101,262 | 105,843 | 57,412 | 59,996 | 17,238 | 17,238 | - | 23,061 | 17,129 | 4,000 |
| Total Capital Expenditure - Vote | 101,262 | 105,843 | 57,412 | 59,996 | 71,842 | 71,842 | - | 72,090 | 96,225 | 90,589 |

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2014/15 R49,029 million has been allocated of the total R72,090 million capital budget, which totals 68,01%. This allocation escalates to R79,096 million in 2015/16 and to R86,589 million in 2016/17.
3. Single-year capital expenditure has been appropriated at R23,061 million for the 2014/15 financial year and declines over the MTREF at levels of R17,129 million and R4 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer years. The capital programme is funded from capital grants and transfers and internally generated funds from current year surpluses.

Table 12 MBRR Table A6 - Budgeted Financial Position

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| ASSETS | | | | | | | | | | |
| Current assets | | | | | | | | | | |
| Cash | 35,853 | 7,476 | 21,690 | 8,400 | 40,000 | 40,000 | - | 8,369 | 13,739 | 16,331 |
| Call investment deposits | - | - | 10,400 | 15,000 | 50,000 | 50,000 | - | 15,000 | 15,000 | 15,000 |
| Consumer debtors | 8,157 | 12,741 | 13,899 | 13,666 | 40,000 | 40,000 | - | 30,000 | 24,184 | 17,851 |
| Other debtors | 21,155 | 16,663 | (211) | - | 15,000 | 15,000 | - | 16,500 | 14,400 | 13,000 |
| Current portion of long-term receivables | - | - | - | - | - | - | - | - | - | - |
| Inventory | 1,734 | 1,868 | 42 | 2,058 | 5,258 | 5,258 | - | 5,000 | 4,500 | 4,000 |
| Total current assets | 66,899 | 38,747 | 45,820 | 39,124 | 150,258 | 150,258 | - | 74,869 | 71,823 | 66,182 |
| Non current assets | | | | | | | | | | |
| Long-term receivables | - | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - | - |
| Investment property | 17,927 | 17,927 | 189,890 | 133,350 | 218,350 | 218,350 | - | 220,000 | 220,000 | 220,000 |
| Investment in Associate | - | - | - | - | - | - | - | - | - | - |
| Property, plant and equipment | 643,445 | 687,424 | 691,386 | 740,491 | 740,491 | 740,491 | - | 830,229 | 908,324 | 988,913 |
| Agricultural | - | - | - | - | - | - | - | - | - | - |
| Biological | 94 | 94 | 12 | - | 15 | 15 | - | 18 | 18 | 18 |
| Intangible | - | 29,416 | 11,560 | 19,217 | 25,500 | 25,500 | - | 27,000 | 27,000 | 27,000 |
| Other non-current assets | | | | | | | | | | |
| Total non current assets | 661,467 | 734,862 | 892,847 | 893,058 | 984,356 | 984,356 | - | 1,077,247 | 1,155,342 | 1,235,931 |
| TOTAL ASSETS | 728,365 | 773,609 | 938,667 | 932,182 | 1,134,614 | 1,134,614 | - | 1,152,116 | 1,227,165 | 1,302,114 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities | | | | | | | | | | |
| Bank overdraft | - | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - | - |
| Consumer deposits | 3,031 | 3,206 | 3,348 | 3,535 | 5,000 | 5,000 | - | 5,000 | 5,500 | 6,500 |
| Trade and other payables | 16,641 | 37,325 | (55,399) | 11,471 | 50,000 | 50,000 | - | 38,000 | 29,000 | 22,300 |
| Provisions | | | | | | | | | | |
| Total current liabilities | 19,672 | 40,530 | (52,051) | 15,006 | 55,000 | 55,000 | - | 43,000 | 34,500 | 28,800 |
| Non current liabilities | | | | | | | | | | |
| Borrowing | 2,764 | (0) | - | - | - | - | - | - | - | - |
| Provisions | 22,335 | 25,592 | 28,457 | 29,532 | 40,000 | 40,000 | - | 40,000 | 40,000 | 40,000 |
| Total non current liabilities | 25,100 | 25,592 | 28,457 | 29,532 | 40,000 | 40,000 | - | 40,000 | 40,000 | 40,000 |
| TOTAL LIABILITIES | 44,772 | 66,122 | (23,593) | 44,538 | 95,000 | 95,000 | - | 83,000 | 74,500 | 68,800 |
| NET ASSETS | 683,593 | 707,487 | 962,260 | 887,644 | 1,039,614 | 1,039,614 | - | 1,069,116 | 1,152,665 | 1,233,314 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | 683,593 | 707,487 | 962,260 | 887,644 | 1,039,614 | 1,039,614 | - | 1,069,116 | 1,152,665 | 1,233,314 |
| Reserves | - | - | - | - | - | - | - | - | - | - |
| Minorities' interests | - | - | - | - | - | - | - | - | - | - |
| TOTAL COMMUNITY WEALTH/EQUITY | 683,593 | 707,487 | 962,260 | 887,644 | 1,039,614 | 1,039,614 | - | 1,069,116 | 1,152,665 | 1,233,314 |

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. 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.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 13MBRR Table A7 - Budgeted Cash Flow Statement

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue | | |
|---|------------------|------------------|-----------------|----------------------|-----------------|--------------------|-------------------|-----------------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Ratepayers and other | 88,211 | 73,740 | 90,015 | 112,675 | 120,030 | 120,030 | - | 107,021 | 108,821 | 112,913 |
| Government - operating | 101,826 | 117,269 | 132,856 | 146,878 | 146,803 | 146,803 | - | 170,341 | 216,460 | 220,780 |
| Government - capital | 26,702 | 29,037 | 35,223 | 53,596 | 53,671 | 53,671 | - | 51,140 | 61,901 | 56,245 |
| Interest | 5,737 | 4,925 | 4,611 | 4,450 | 8,150 | 8,150 | - | 8,105 | 8,543 | 9,004 |
| Dividends | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | |
| Suppliers and employees | (132,803) | (144,860) | (239,995) | (240,017) | (182,472) | (182,472) | - | (254,448) | (282,172) | (295,007) |
| Finance charges | (277) | (287) | (113) | (90) | (90) | (90) | - | - | - | - |
| Transfers and Grants | (2,369) | (2,552) | (2,483) | (3,066) | (3,066) | (3,066) | - | (12,200) | (12,859) | (13,553) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 87,027 | 77,273 | 20,114 | 74,426 | 143,026 | 143,026 | - | 69,959 | 100,695 | 90,381 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | (0) | 3,906 | - | (400) | 1,000 | 1,000 | - | 5,000 | 400 | 1,800 |
| Decrease (Increase) in non-current debtors | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) other non-current receivables | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | |
| Capital assets | (101,262) | (105,843) | (38,870) | (58,496) | (69,842) | (69,842) | - | (72,090) | (96,225) | (90,589) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (101,262) | (101,937) | (38,870) | (58,896) | (68,842) | (68,842) | - | (67,090) | (95,825) | (88,789) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | - | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | 226 | 175 | 142 | 266 | 510 | 510 | - | 500 | 500 | 1,000 |
| Payments | | | | | | | | | | |
| Repayment of borrowing | (2,077) | (3,889) | - | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (1,851) | (3,715) | 142 | 266 | 510 | 510 | - | 500 | 500 | 1,000 |
| NET INCREASE/ (DECREASE) IN CASH HELD | (16,086) | (28,379) | (18,614) | 15,796 | 74,694 | 74,694 | - | 3,369 | 5,370 | 2,592 |
| Cash/cash equivalents at the year begin: | 51,940 | 35,855 | 7,476 | (7,492) | 15,306 | 15,306 | 15,306 | 20,000 | 23,369 | 28,739 |
| Cash/cash equivalents at the year end: | 35,855 | 7,476 | (11,138) | 8,304 | 90,000 | 90,000 | 15,306 | 23,369 | 28,739 | 31,331 |

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the Municipality fell significantly from the 2013/14 to 2014/15 period owing directly to a net decrease in cash and cash equivalent for the 2014/15 financial year.
4. The approved 2014/15 MTREF however provide for a constant increase in cash and cash equivalent of R28,739 million and R31,331 million in the outer years.
5. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term.

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

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-----------------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Cash and investments available | | | | | | | | | | |
| Cash/cash equivalents at the year end | 35,855 | 7,476 | (11,138) | 8,304 | 90,000 | 90,000 | 15,306 | 23,369 | 28,739 | 31,331 |
| Other current investments > 90 days | (1) | (0) | 43,228 | 15,096 | (0) | (0) | (15,306) | - | 0 | (0) |
| Non current assets - Investments | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | 35,853 | 7,476 | 32,090 | 23,400 | 90,000 | 90,000 | - | 23,369 | 28,739 | 31,331 |
| Application of cash and investments | | | | | | | | | | |
| Unspent conditional transfers | 1,108 | 894 | (108) | - | - | - | - | - | - | - |
| Unspent borrowing | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | - | - | - | - | - | - | - | - | - | - |
| Other working capital requirements | - | - | - | - | - | - | - | (1,417) | (1,555) | (887) |
| Other provisions | - | - | - | - | - | - | - | - | - | - |
| Long term investments committed | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | - | - | - | - | - | - | - | - | - | - |
| Total Application of cash and investments: | 1,108 | 894 | (108) | - | - | - | - | (1,417) | (1,555) | (887) |
| Surplus(shortfall) | 34,745 | 6,582 | 32,197 | 23,400 | 90,000 | 90,000 | - | 24,786 | 30,294 | 32,218 |

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the above table, it is clearly indicated that the municipality has surplus over MTREF.

Table 15 MBRR Table A9 - Asset Management

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| CAPITAL EXPENDITURE | | | | | | | | | |
| Total New Assets | 101,261 | 105,844 | - | 56,996 | 64,795 | 64,795 | 50,839 | 61,530 | 44,500 |
| <i>Infrastructure - Road transport</i> | 82,394 | 85,750 | - | 37,606 | 47,638 | 47,638 | 48,239 | 48,530 | 44,500 |
| <i>Infrastructure - Electricity</i> | - | - | - | 10,600 | 14,751 | 14,751 | 2,000 | 13,000 | - |
| <i>Infrastructure - Water</i> | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Sanitation</i> | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Other</i> | 17,224 | 17,161 | - | 1,500 | - | - | - | - | - |
| Infrastructure | 99,618 | 102,911 | - | 49,706 | 62,389 | 62,389 | 50,239 | 61,530 | 44,500 |
| Community | 263 | 2,933 | - | 1,800 | 300 | 300 | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | 1,380 | - | - | 5,490 | 2,106 | 2,106 | 600 | - | - |
| Agricultural Assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | - | - | - | - | - | - | - |
| Total Renewal of Existing Assets | - | - | - | 3,000 | 7,047 | 7,047 | 21,251 | 34,695 | 46,089 |
| <i>Infrastructure - Road transport</i> | - | - | - | 3,000 | 3,500 | 3,500 | 13,601 | 26,500 | 33,445 |
| <i>Infrastructure - Electricity</i> | - | - | - | - | - | - | 4,150 | 1,150 | 5,200 |
| <i>Infrastructure - Water</i> | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Sanitation</i> | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Other</i> | - | - | - | - | 2,047 | 2,047 | - | - | - |
| Infrastructure | - | - | - | 3,000 | 5,547 | 5,547 | 17,751 | 27,650 | 38,645 |
| Community | - | - | - | - | 1,500 | 1,500 | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | 3,500 | 7,045 | 7,444 |
| Agricultural Assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure | | | | | | | | | |
| <i>Infrastructure - Road transport</i> | 82,394 | 85,750 | - | 40,606 | 51,138 | 51,138 | 61,840 | 75,030 | 77,945 |
| <i>Infrastructure - Electricity</i> | - | - | - | 10,600 | 14,751 | 14,751 | 6,150 | 14,150 | 5,200 |
| <i>Infrastructure - Water</i> | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Sanitation</i> | - | - | - | - | - | - | - | - | - |
| <i>Infrastructure - Other</i> | 17,224 | 17,161 | - | 1,500 | 2,047 | 2,047 | - | - | - |
| Infrastructure | 99,618 | 102,911 | - | 52,706 | 67,936 | 67,936 | 67,990 | 89,180 | 83,145 |
| Community | 263 | 2,933 | - | 1,800 | 1,800 | 1,800 | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | 1,380 | - | - | 5,490 | 2,106 | 2,106 | 4,100 | 7,045 | 7,444 |
| Agricultural Assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | - | - | - | - | - | - | - |
| TOTAL CAPITAL EXPENDITURE - Asset class | 101,261 | 105,844 | - | 59,996 | 71,842 | 71,842 | 72,090 | 96,225 | 90,589 |

Explanatory notes to Table A9 - Asset Management

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

Table 16 MBRR Table A10 - Basic Service Delivery Measurement

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|--|---------------|---------------|---------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Household service targets | | | | | | | | | |
| Water: | | | | | | | | | |
| Piped water inside dwelling | 28,295 | 28,295 | 28,295 | 28,295 | 28,295 | 28,295 | 1,874 | 1,874 | 1,874 |
| Piped water inside yard (but not in dwelling) | - | - | - | - | - | - | 12,178 | 12,178 | 12,178 |
| Using public tap (at least min.service level) | - | - | - | - | - | - | - | - | - |
| Other water supply (at least min.service level) | 11,901 | 11,901 | 11,901 | 11,901 | 11,901 | 11,901 | 6,089 | 6,089 | 6,089 |
| <i>Minimum Service Level and Above sub-total</i> | 40,196 | 40,196 | 40,196 | 40,196 | 40,196 | 40,196 | 20,141 | 20,141 | 20,141 |
| Using public tap (< min.service level) | - | - | - | - | - | - | - | - | - |
| Other water supply (< min.service level) | - | - | - | - | - | - | 40,110 | 40,110 | 40,110 |
| No water supply | 20,056 | 20,056 | 20,056 | 20,056 | 20,056 | 20,056 | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | 20,056 | 20,056 | 20,056 | 20,056 | 20,056 | 20,056 | 40,110 | 40,110 | 40,110 |
| Total number of households | 60,252 | 60,252 | 60,252 | 60,252 | 60,252 | 60,252 | 60,251 | 60,251 | 60,251 |
| Sanitation/sewerage: | | | | | | | | | |
| Flush toilet (connected to sewerage) | 7,792 | 7,792 | 7,792 | 7,792 | 7,792 | 7,792 | 6,085 | 6,085 | 6,085 |
| Flush toilet (with septic tank) | - | - | - | - | - | - | 942 | 942 | 942 |
| Chemical toilet | - | - | - | - | - | - | 766 | 766 | 766 |
| Pit toilet (ventilated) | 47,632 | 47,632 | 47,632 | 47,632 | 47,632 | 47,632 | 4,949 | 4,949 | 4,949 |
| Other toilet provisions (> min.service level) | - | - | - | - | - | - | 42,683 | 42,683 | 42,683 |
| <i>Minimum Service Level and Above sub-total</i> | 55,424 | 55,424 | 55,424 | 55,424 | 55,424 | 55,424 | 55,425 | 55,425 | 55,425 |
| Bucket toilet | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 |
| Other toilet provisions (< min.service level) | - | - | - | - | - | - | 1,686 | 1,686 | 1,686 |
| No toilet provisions | 2,680 | 2,680 | 2,680 | - | - | - | 2,680 | 2,680 | 2,680 |
| <i>Below Minimum Service Level sub-total</i> | 3,140 | 3,140 | 3,140 | 460 | 460 | 460 | 4,826 | 4,826 | 4,826 |
| Total number of households | 58,564 | 58,564 | 58,564 | 55,884 | 55,884 | 55,884 | 60,251 | 60,251 | 60,251 |
| Energy: | | | | | | | | | |
| Electricity (at least min.service level) | 6 | 6 | 6 | 6 | 6 | 6 | 58,750 | 58,750 | 58,750 |
| Electricity - prepaid (min.service level) | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | 6 | 6 | 6 | 6 | 6 | 6 | 58,750 | 58,750 | 58,750 |
| Electricity (< min.service level) | - | - | - | - | - | - | - | - | - |
| Electricity - prepaid (< min. service level) | - | - | - | - | - | - | - | - | - |
| Other energy sources | - | - | - | - | - | - | 1,501 | 1,501 | 1,501 |
| <i>Below Minimum Service Level sub-total</i> | - | - | - | - | - | - | 1,501 | 1,501 | 1,501 |
| Total number of households | 6 | 6 | 6 | 6 | 6 | 6 | 60,251 | 60,251 | 60,251 |
| Refuse: | | | | | | | | | |
| Removed at least once a week | 6,527 | 6,527 | 6,527 | 6,527 | 6,527 | 6,527 | 6,122 | 6,122 | 6,122 |
| <i>Minimum Service Level and Above sub-total</i> | 6,527 | 6,527 | 6,527 | 6,527 | 6,527 | 6,527 | 6,122 | 6,122 | 6,122 |
| Removed less frequently than once a week | - | - | - | - | - | - | 405 | 405 | 405 |
| Using communal refuse dump | 44,517 | 44,517 | 44,517 | 44,517 | 44,517 | 44,517 | 1,993 | 1,993 | 1,993 |
| Using own refuse dump | - | - | - | - | - | - | 42,524 | 42,524 | 42,524 |
| Other rubbish disposal | - | - | - | - | - | - | - | - | - |
| No rubbish disposal | 8,504 | 8,504 | 8,504 | 8,504 | 8,504 | 8,504 | 9,207 | 9,207 | 9,207 |
| <i>Below Minimum Service Level sub-total</i> | 53,021 | 53,021 | 53,021 | 53,021 | 53,021 | 53,021 | 54,129 | 54,129 | 54,129 |
| Total number of households | 59,548 | 59,548 | 59,548 | 59,548 | 59,548 | 59,548 | 60,251 | 60,251 | 60,251 |
| Households receiving Free Basic Service | | | | | | | | | |
| Water (6 kilolitres per household per month) | 11 | 12 | 14 | 15 | 15 | 15 | 1,874 | 1,874 | 1,874 |
| Sanitation (free minimum level service) | 11 | 12 | 14 | 15 | 15 | 15 | 6,085 | 6,085 | 6,085 |
| Electricity/other energy (50kwh per household per month) | 11 | 12 | 14 | 15 | 15 | 15 | 726 | 726 | 726 |
| Refuse (removed at least once a week) | 11 | 12 | 14 | 15 | 15 | 15 | 6,122 | 6,122 | 6,122 |
| Cost of Free Basic Services provided (R'000) | | | | | | | | | |
| Water (6 kilolitres per household per month) | - | - | - | - | - | - | - | - | - |
| Sanitation (free sanitation service) | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (50kwh per household per month) | 3,019 | 1,130 | - | 2,000 | 2,000 | 2,000 | 1,300 | 1,370 | 1,444 |
| Refuse (removed once a week) | - | - | - | - | - | - | 500 | 527 | 555 |
| Total cost of FBS provided (minimum social package) | 3,019 | 1,130 | - | 2,000 | 2,000 | 2,000 | 1,800 | 1,897 | 2,000 |
| Highest level of free service provided | | | | | | | | | |
| Property rates (R value threshold) | 15,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Water (kilolitres per household per month) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Sanitation (kilolitres per household per month) | - | - | - | - | - | - | - | - | - |
| Sanitation (Rand per household per month) | - | - | - | - | - | - | - | - | - |
| Electricity (kwh per household per month) | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 |
| Revenue cost of free services provided (R'000) | | | | | | | | | |
| Property rates (R15 000 threshold rebate) | 5,755 | 5,825 | 14,102 | 4,725 | 4,725 | 4,725 | 5,000 | 5,270 | 5,555 |
| Property rates (other exemptions, reductions and rebates) | - | - | - | - | - | - | - | - | - |
| Water | - | - | - | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - | - | - | - |
| Electricity/other energy | 3,019 | 1,130 | - | 2,000 | 2,000 | 2,000 | 6,200 | 6,535 | 6,888 |
| Refuse | - | 90 | 100 | 109 | 109 | 109 | 1,000 | 1,054 | 1,111 |
| Municipal Housing - rental rebates | - | - | - | - | - | - | - | - | - |
| Housing - top structure subsidies | - | - | - | - | - | - | - | - | - |
| Other | 2,940 | 2,990 | 3,151 | 3,419 | 3,419 | 3,419 | - | - | - |
| Total revenue cost of free services provided (total social package) | 11,714 | 10,035 | 17,353 | 10,253 | 10,253 | 10,253 | 12,200 | 12,859 | 13,553 |

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Table 17 MBRR Table SA36—Capital project list

| Municipal Vote/Capital project | Program/Project description | Asset Class | Asset Sub-Class | Prior year outcomes | | 2014/15 Medium Term Revenue & Expenditure Framework | | | New or renewal |
|-----------------------------------|--|---------------------------------|--------------------------------------|-------------------------|---|---|------------------------|------------------------|----------------|
| | | | | Audited Outcome 2012/13 | Current Year 2013/14 Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 | |
| Corporate Services | Aircons | Other Assets | Other | - | 200 | 250 | 264 | 278 | Renewal |
| | Furniture | Other Assets | Furniture and other office equipment | - | 450 | 500 | 527 | 555 | Renewal |
| | Hardware and Software Devices | Other Assets | Computers - hardware/equipment | - | 1,331 | 1,000 | 1,054 | 1,111 | Renewal |
| | Other Equipment | Other Assets | Other | - | 50 | 150 | 200 | 200 | Renewal |
| Electricity | Cherry Picker - Electrical | Other Assets | General vehicles | - | 600 | - | 700 | - | Renewal |
| | Electrification of various villages | Infrastructure - Electricity | Transmission & Reticulation | - | - | - | 8,000 | - | New |
| | Installation of High Mast Lights Elandsdooren | Infrastructure - Electricity | Street Lighting | - | 3,151 | - | 1,000 | - | New |
| | Main & Kruger Substation Upgrade | Infrastructure - Electricity | Transmission & Reticulation | - | - | 3,000 | - | - | Renewal |
| | Crane Truck | Other Assets | Other | - | - | 200 | - | - | Renewal |
| | Main Substation | Infrastructure - Electricity | Transmission & Reticulation | - | - | - | - | 4,000 | Renewal |
| | Mini Subs | Infrastructure - Electricity | Transmission & Reticulation | - | 1,000 | 650 | 650 | 700 | Renewal |
| | Moteli Liberty Phase 2 | Infrastructure - Electricity | Transmission & Reticulation | - | 1,650 | - | - | - | New |
| | Smart Metering Project - Groblersdal | Infrastructure - Electricity | Transmission & Reticulation | - | - | 500 | 500 | 500 | Renewal |
| | Tafelkop (HH electrification)(Dikgalaopeng 20, Ba Waalkraal RDP PH3 | Infrastructure - Electricity | Transmission & Reticulation | - | 2,245 | - | - | - | New |
| | | Infrastructure - Electricity | Transmission & Reticulation | - | 6,105 | - | - | - | New |
| Finance | FMG - Capital Items | Other Assets | Computers - hardware/equipment | - | 75 | 300 | 300 | 300 | Renewal |
| Infrastructure | Building - main | Other Assets | Other Buildings | - | 1,500 | - | - | - | Renewal |
| | Cemetery - Elandsdooren | Community | Cemeteries | - | 1,275 | - | - | - | New |
| | Cemetery - Hlogotlou | Community | Cemeteries | - | 1,275 | - | - | - | New |
| | Construction of Speed Humps - Various Villages | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | 500 | 1,500 | 2,000 | Renewal |
| | Construction of Stormwater Channels | Infrastructure - Road transport | Storm water | - | - | 1,500 | 1,500 | 2,000 | New |
| | Fencing - Groblersdal Main Substation | Other Assets | Other Buildings | - | 300 | - | - | - | Renewal |
| | Groblersdal - Landfill Site | Infrastructure - Other | Waste Management | - | 2,047 | - | - | - | Renewal |
| | Karnaal Street - Groblersdal | Infrastructure - Road transport | Roads, Pavements & Bridges | - | 3,500 | 4,500 | 4,000 | 4,000 | Renewal |
| | Hlogotlou street and Storm water control | Infrastructure - Road transport | Storm water | - | 4,000 | - | 8,000 | 10,000 | New |
| | Kgaphamadi Upgrade | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | 5,352 | 14,000 | 20,445 | Renewal |
| | Laersdrift Bus Route | Infrastructure - Road transport | Roads, Pavements & Bridges | - | 1,440 | - | 2,000 | 2,000 | New |
| | Mathula Road | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | 3,250 | 5,000 | 5,000 | New |
| | Mogaung upgrade | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | 3,250 | 5,000 | 5,000 | Renewal |
| | Mosterlus to Makgopeng Phase 2 | Infrastructure - Road transport | Roads, Pavements & Bridges | - | 9,882 | 4,110 | - | - | New |
| | Molelema streets upgrade | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | 6,061 | 2,780 | - | New |
| | Moteli A - Bus Route | Infrastructure - Road transport | Roads, Pavements & Bridges | - | 11,396 | 4,000 | - | - | New |
| | Mpheleng Construction of Bus Road | Infrastructure - Road transport | Roads, Pavements & Bridges | - | 2,000 | 5,118 | 5,000 | 8,000 | New |
| | Naganeng Bus Route | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | - | 5,000 | 5,000 | New |
| | Nyakelang Bus Route Phase 4 | Infrastructure - Road transport | Roads, Pavements & Bridges | - | 2,500 | - | - | - | New |
| | Nyakelang Bus Route Phase 4 | Infrastructure - Road transport | Roads, Pavements & Bridges | - | 2,000 | - | - | - | New |
| | Phuchukani Construction of Road | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | 2,365 | 6,821 | 500 | New |
| | Plant and Machinery | Other Assets | Plant & equipment | - | - | 800 | 4,000 | 5,000 | Renewal |
| | Roads to Magoshi - Mahlangu | Infrastructure - Road transport | Roads, Pavements & Bridges | - | 8,070 | - | - | - | New |
| | Roads to Magoshi - Rammupudu | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | 5,425 | - | - | New |
| | Roads to Magoshi - Mathebe | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | - | 3,839 | - | New |
| | Roads to Magoshi - Matsepe | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | - | 3,591 | - | New |
| | Roads to Magoshi - Mallala | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | 5,425 | - | - | New |
| | Roesenekal Roads & Streets | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | - | 2,000 | 2,000 | Renewal |
| | Tafelkop (Highmast Lights) | Infrastructure - Electricity | Street Lighting | - | - | 2,000 | 4,000 | - | New |
| | Tourism Centre | Other Assets | Other | - | 300 | 600 | - | - | New |
| | Walter Sisulu/Tambo Construction Bus/Taxi Road | Infrastructure - Road transport | Roads, Pavements & Bridges | - | 2,000 | 5,500 | 5,000 | 7,000 | New |
| | JJ Zaiplaas Bus Route | Infrastructure - Road transport | Roads, Pavements & Bridges | - | - | 5,485 | - | 5,000 | New |
| Planning and LED | Game farm Development | Community | Buildings | - | 1,500 | - | - | - | Renewal |
| Parent Capital expenditure | | | | - | 71,842 | 72,090 | 96,225 | 90,589 | |