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#

ANNUAL BUDGET OF
LEJWELEPUTSWA DISTRICT MUNICIPALITY
2012/13
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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THE 2012/13 BUDGET SPEECH PRESENTED BY ACTING EXECUTIVE MAYOR OF LEJWELEPUTSWA DISTRICT MUNICIPALITY, CCLR. XOLILE TOKI AT THE COUNCIL MEETING HELD AT COUNCIL CHAMBER IN WELKOM ON THE 29 MARCH 2012.

Honourable Speaker

Members of the Mayoral Committee

Councillors

The Municipal Manager and staff

Leaders of Political Parties

Members of Ward committees

Distinguished Guests

Friends and Comrades,

Mr Speaker, it is a great privilege and honour to address this sitting of our Council on this important meeting- the presentation of the reviewed & revised Integrated Development Plan (IDP) and the Budget for the financial year 2012/13. These strategic and policy documents are now presented for consideration and approval. Mr Speaker, in this municipality we see the budget as an instrument through which we manage and use public funds to improve the quality of life of the people we serve.

The government adopted five key priority- areas for service delivery, which are:

- Good Governance and Public Participation
- Municipal Financial Viability and Management
- Local Economic Development
- Municipal Transformation and Institutional Development
- Basic Services and Infrastructure Investment

These priorities, as set out by government, are not only the responsibility of the national and provincial government, but must be tackled and realised by all spheres of government, more so local government. It is therefore more critical for local government service delivery plans and programmes to be in line with these priorities, as the people at ward-level must be able to identify and experience it.

2012/2013 Integrated Development Plan

Mr Speaker, the year 2012 is significant in many respects. Our IDP's as a family of municipalities in the district are significantly amongst the top in the province of Free State. We wish to develop this attainment and be counted among the best in the country. We worked well with the IDP Representative forum as capable led by Tumelo Makofane, for this we thankful to all of you.

We conducted community consultation meetings/road-shows during the month of April 2011. These meetings were meant to get community inputs on the draft IDP and Budget, this was achieved well. Mr Speaker, all those inputs were accurately recorded and considered. Hence, we are now ready to recommend the approval of this IDP by Council.

2012/ 2013 BUDGET

In terms of Chapter 57 of the Municipal Finance Management Act, Act no 56 of 2003, I wish to table before this house, our 2012/2013 budget for approval.

Mr Speaker, we see the budget as an instrument through which we manage public funds in a way that ensures that we improve the quality of life of our people. We see the budget as an instrument of development. We do this through planning, budget allocation, control and proper accounting for every cent entrusted to this municipality.

The total budget we are presenting here before this house amounts to R105,594.00 million with a R3,842.00 capital and a R99,874.00 operational budget. Indeed, this budget has been declining steadily, which is therefore not in line with our developmental mandate.

Mr Speaker, the people of Lejweleputswa gave this council, alongside our local municipalities a clear mandate to deliver services, grow the economy and to help build a better life. I stand before you to present critical highlights of our budget we have made since then and to outline our programme of action for 2012/2013 under the theme: **Working together to ensure effective & efficient service delivery.**

The district is not immune to economic crisis hence we experienced job losses with some mining shafts closing down. Mr Speaker, we are however, encouraged by the efforts of national government at reducing the effect of job losses, amongst other things, and we need to compliment such efforts through our programmes at the district level.

Conclusion

Mr Speaker, Lejweleputswa municipality will continue to strive towards higher and quality standards of service delivery. I think you will agree with me when I say that the roadmap is clear. The Budget is however in line with our vision and commitment that we have made to the citizens of this district.

We have demonstrated that the path to the attainment of better communities all remains within reach.

Together working to ensure effective & efficient service delivery

I thank you

Cllr X. Toki
Acting Executive Mayor
Lejweleputswa District Municipality

Part 1 – Annual Budget

1.1 Mayor’s Report

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1.2 Council Resolutions

At the Council sitting on 28 April 2011 the following decisions were taken:

- That the operating budget totalling R 99 915 655 be approved.
- That the capital budget totalling R 8175 000 be approved.
- That the Asset Management Policy; Credit Control Policy and Supply Chain Policy be noted.
- That the 2011/2012 IDP be adopted as a final document.

The Council at its sitting on 28 November 2011 resolved as follow:

- That the upward/ downward budget adjustments be approved as per the following adjustments documentation:
- That the 2011/2012 revised operating budget upwards from R 99 915 655 to R 114 167 984 be approved.
- That the 2011/2012 revised Capital budget upwards from R 8 175 000 to R 10 651 920 be approved.
- That on top of above paragraphs (1) and (2) R 1 000 000 be added to HIV & AIDS vote.

1. The Council of Lejweleputswa District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 8 on page 15;

- 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 9 on page 16;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 10 on page 18; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 11 on page 20.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
- 1.2.1. Budgeted Financial Position as contained in Table 12 on page 21;
 - 1.2.2. Budgeted Cash Flows as contained in Table 13 on page 23;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 15 on page 23;
 - 1.2.4. Asset management as contained in Table 15 on page 29; and
- 1.3. To give proper effect to the municipality's annual budget, the Council of Lejweleputswa District Municipality approves:
- 1.4. That the backlog in cash backing be maintained through the transfer of surpluses to ensure that all capital reserves, provisions and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
- 1.5. That the amendments to the Supply chain policy be approved.
- 1.6. That the following new policies be approved:
- i. Capital Replacement Reserve Policy,
 - ii. Funding and Reserve Policy,
 - iii. Virement Policy.
- 1.7. That above policies be implemented with immediate effect.
- 1.8. That a moratorium be placed on any extension of the personnel structure and only critical vacant positions be filled.

1.3 Executive Summary

The main objective of a municipal budget is to allocate realistic expected resources to the service delivery goals or performance objectives identified as priorities in the approved IDP.

All municipalities must prepare their budgets, adjustment budgets and in-year reports from the 2010/2012 financial year onwards in accordance with the Municipal Budget and Reporting Regulations and this implied major changes in the budget formats and attachments which are distributed as part of this document.

Each municipality must also do a funding compliance assessment of the budget to prove that the budget is properly funded. This budget program runs over a three-year period and each year the municipality must ensure that the budget is properly funded. It is each Council's responsibility to ensure that its budget complies with the following three criteria, i.e.:

- Sustainability, to ensure that the municipality has sufficient revenue and adequate corporate and financial stability to fund and deliver on its budget.
- Credibility, to ensure that the municipality, with its ability and capacity to spend, deliver in terms of its budget.
- Governance, that the Municipality has appropriate capacity and stability to ensure the long term sustainability of service delivery.

Headline inflation forecasts

The headline inflation forecast follow:

Fiscal year	2010	2011	2012	2013	2014
	Actual	Estimate		Forecast	
Headline CPI inflation	3.3	5	5.4	5.6	5.4

In compiling the 2012/2013 MTREF budget, the following remains challenges for the municipality;

1. Council's is almost 100% dependent on grants received from National Government and has no billable resources.
2. Overhead costs grow at a higher rate than income and is absorbing a bigger part of income year by year.
3. The impact of the global economy on available resources.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/2013 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2011/12 MTREF

AGGREGATE TOTALS 2012/2013					
Income	Approved budget 2011/2012	Revised budget 2011/2012	2nd revised Budget 2011/2012	Draft budget 2012/2013	Difference
Total Operating Income	98,590,000	99,276,701	99,126,675	101,752,260	0.03
Total Operating Expenditure	99,915,655	115,167,984	114,912,425	99,874,314	(0.14)
Surplus/- deficit	-1,325,655	-15,891,283	-15,785,750	1,877,946	(1.11)
Total capital expenditure	8,175,000	10,651,920	10,704,330	3,842,000	(0.64)
Total deficit	-9,500,655	-26,543,203	-26,490,080		(1.00)
Unappropriated surplus	-9,500,655	-26,543,203	-26,490,080		(1.00)
Capital Replacement Reserve				3,842,000	#DIV/0!

Total operating revenue has grown by 3 per cent or R2.6 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget.

Total operating expenditure for the 2012/13 financial year decreased from R 114, 912 to R 99,874 a reduction of 14% which is a result of the increased adjustments budget approved November 2011 which was funded from the accumulated surplus and which was depleted to a large extent. The surplus of R 1 877 946 will be utilised to cover loan redemption which is not a budget item anymore.

The capital budget of R3,842 million for 2012/13 is 64 per cent less when compared to the 2011/12 Adjustment Budget. The reduction is due to the Disaster Management project being finalised in the 2011/2012 financial year.

The capital budget will be funded from the proposed Capital Replacement reserve to be created.

1.4 Operating Revenue Framework

The following table indicates Councils limited funding resources which will increase with 3 per cent or R 2.6 million in total. National grants represent 97.7 per cent of the total annual income. Interest income shows a decrease which is attributed to the steep outflow of funds in the last 3 months. Notable is the fact that Council's income grows below the consumer price index.

Table 2 Summary of revenue classes by main revenue sources

SUMMARY OF INCOME BY SOURCE 2012/2013					
DEPARTMENT	Approved budget 2011/2012	Revised budget 2011/2012	2nd revised Budget 2011/2012	Draft budget 2012/2013	Difference
INTEREST EARNED	2,700,000	2,700,000	2,170,000	1,680,000	(0.23)
INTEREST EARNED O/S DEBTORS	100,000	541,701	608,736	645,260	0.06
OPERATING GRANTS & SUBSIDIES	95,775,000	95,990,000	96,175,211	99,387,000	0.03
OTHER INCOME	15,000	45,000	172,728	40,000	(0.77)
Total Income	98,590,000	99,276,701	99,126,675	101,752,260	0.03

1.5 Operating Expenditure Framework

National Treasury in its Circular No 58 dated 14 December 2011 pointed out:

4.1 Eliminating non-priority spending

“Municipalities must pay special attention to controlling unnecessary spending on nice-to-have items and non-essential activities. The following examples of non-priority expenditure have been observed, and need to be eliminated:

- i. excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;*
- ii. public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);*
- iii. LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;*
- iv. excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;*
- v. arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality’s own venues);*
- vi. excessive printing costs (instead of maximising the use of the municipality’s website, including providing facilities for the public to access the website);*
- vii. excessive luxurious office accommodation and office furnishings;*
- viii. foreign travel by mayors, councillors and officials, particularly ‘study tours’;*
- ix. excessive councilor and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances (certain of these may be irregular spending – see paragraph 4.8 below);*
- x. excessive staff in the office of the mayor – particularly the appointment of political advisors’ and ‘spokespersons’;*
- xi. all donations to individuals that are not made in terms of the municipality’s indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);*
- xii. costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or ‘golden handshakes’; and*
- xiii. the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants”.*

Council’s operating expenditure is 14 percent less than 2011/2012 which was explained above.

Total remuneration is now standing at a rate of 55.4 % of the total operating expenditure and is increasing at a higher rate than the income is growing and thus will erode the available operating income more and more on a yearly basis. It was assumed that yearly increases will not exceed 7% and hence a provision for 7% on both employees and councillor remuneration.

Steps to curb remuneration should be put in place and a recommendation will follow under recommendations.

Table 3 Expenditure by main categories

EXPENDITURE ALLOCATION BY CATEGORY 2012/2013					
DETAILS	Approved budget 2011/2012	Revised budget 2011/2012	2nd revised Budget 2011/2012	Draft budget 2012/2013	Difference
Employee remuneration	44,664,233	44,607,713	42,840,818	47,520,674	0.06
Councillor remuneration	8,995,515	8,173,075	7,447,406	7,908,779	0.06
Working capital reserve	240,000	504,000	504,000	529,200	0.05
Depreciation	3,465,001	5,433,096	7,423,395	7,845,439	0.06
Repairs & maintenance	1,603,004	1,622,928	1,617,928	914,470	(0.43)
Interest expenses	3,079,918	3,079,918	3,079,918	2,840,607	(0.08)
Grant & subsidies	9,150,000	8,150,000	8,150,000	3,950,000	(0.52)
General expenditure	27,057,494	41,319,851	41,242,821	25,581,373	(0.38)
Contribution: accrued leave	1,660,490	2,277,403	2,606,139	2,783,772	0.07
Total Amount	99,915,655	115,167,984	114,912,425	99,874,314	(0.14)

Operating Expenditure by department

In order to lower costs it was decided to integrate the Human Resource Section with Corporate Services and ICT and Municipal Support with the Finance department. The Roads section will be phased out through the transfer of the yellow fleet and other equipment to Matjhabeng Municipality as per agreement. This transfer will result in a saving of R 4 million for Lejweleputswa District Municipality.

The following decreases/ increases are attributed as indicated below:

- Executive Mayor- less funds available.
- Speaker- provision for training of ward councillors and ward committee competitions.
- Council General - Less funds available for transfers to Locals.
- Municipal Manager- less funds allocated.
- Corporate Service- amalgamation of Human resources with Corporate Service.
- Disaster Management- Effect of Depreciation.
- LED- less funds allocated.
- Tourism- less funds available for projects.
- Finance Department- amalgamation of ICT and Municipal Support with Finance.

Table 4. Expenditure by Departments

SUMMARY OF EXPENDITURE BY DEPARTMENT 2012/2013					
DEPARTMENT	Approved budget 2011/2012	Revised budget 2011/2012	2nd revised Budget 2011/2012	Draft budget 2012/2013	Difference
EXECUTIVE MAYOR	12 120 267	17 776 688	17 788 552	10 907 286	(0.37)
SPEAKER	3 567 752	2 612 335	2 684 236	2 834 294	0.15
MAYORAL COMMITTEE	6 183 159	5 567 389	4 826 406	5 244 766	0.09
COUNCIL GENERAL	17 502 184	18 740 988	18 788 679	13 852 450	(0.27)
MUNICIPAL MANAGER	6 700 939	9 704 885	9 804 901	7 029 529	(0.18)
CORPORATE SERVICES	6 756 598	6 958 426	6 581 820	9 829 375	0.43
HUMAN RESOURCES	2 311 764	2 468 974	2 471 117	0	(1.00)
INFORMATION TECHNOLOGY	1 717 229	1 412 229	1 767 381	0	(1.00)
PROPERTY	2 406 218	4 667 431	4 671 594	4 758 617	0.02
SOCIAL SERVICES	2 724 120	2 852 531	2 467 492	2 792 162	(0.02)
DISASTER MANAGEMENT	2 190 302	2 074 250	2 397 908	5 315 058	1.16
HEALTH	10 878 724	10 301 078	10 341 864	11 076 799	0.07
LED & PLANNING	4 711 616	6 547 487	6 252 260	6 136 334	(0.24)
TOURISM	1 160 000	4 400 000	4 400 000	2 000 000	(0.66)
TECHNICAL SERVICES	2 500 478	1 419 217	1 440 221	1 628 650	0.13
FINANCE TECHNICAL SUPPORT	659 133	0	0	0	#DIV/0!
FINANCE SERVICES	12 286 462	12 320 364	11 933 867	16 468 995	0.32
MUNICIPAL SUPPORT	1 194 400	1 204 019	1 275 940	0	(1.00)
ROADS	2 344 310	4 139 693	5 018 187	0	(1.00)
TOTAL	99 915 655	115 167 984	114 912 425	99 874 314	(0.14)

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.

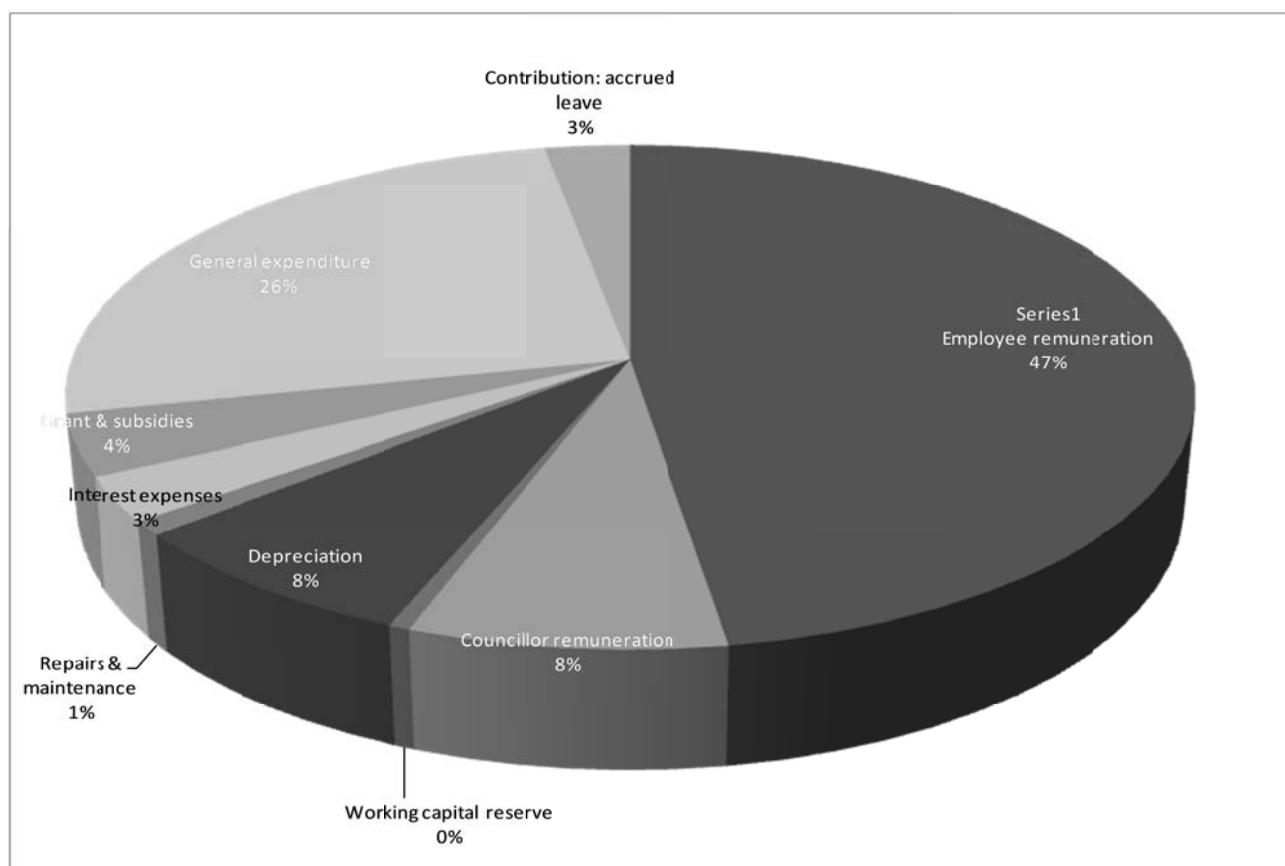


Figure 1 Main operational expenditure categories for the 2011/12 financial year

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group also include various projects i.e. campaigns, HIV & AIDS, poverty alleviation, Youth development and so on.

1.5.1 Repairs and maintenance

Repairs and maintenance do not have the same impact as in the case of municipalities. It is our submission that 1 to 1.5% of the budgeted amount is sufficient to cover repairs and maintenance to the buildings.

Table 2 Operational repairs and maintenance

Table 5 Repairs and maintenance

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands	739	724	803	1 603	1 613	1 613	914	914	1 221	1 302
Repairs and Maintenance										

1.6 Capital expenditure

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

Table 6 2011/12 Medium-term capital budget per vote

DC18 Lejweleputswa - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding										
Vote Description/Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &			
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
Capital expenditure - Vote										
Single-year expenditure										
Vote 1 - Executive Mayor	-	1	33	30	60	60	40	42	44	
Vote 2 - Speaker	-	-	12	20	58	58	30	50	70	
Vote 3 - Mayoral Committee	-	-	-	40	71	71	20	70	40	
Vote 4 - Council General	-	1,106	5,003	50	102	102	260	275	195	
Vote 5 - Municipal Manager	-	-	21	200	200	200	200	45	60	
Vote 6 - Financial Services	-	15	49	150	140	140	935	240	265	
Vote 7 - Corporate Services	-	5,241	-	20	-	-	22	16	-	
Vote 8 - Human Resources	-	-	-	10	10	10	-	-	-	
Vote 9 - Information Technology	-	77	208	355	845	845	-	-	-	
Vote 10 - Property	-	-	-	1,150	1,150	1,150	1,300	-	-	
Vote 11 - Municipal Support	-	-	-	20	20	20	-	-	-	
Vote 12 - Planning & Development	-	107	13	60	60	60	35	-	13	
Vote 13 - Community & Social Services	-	4,369	4,094	6,020	7,939	7,939	-	30	15	
Vote 14 - Environmental Health	-	7	97	50	50	50	1,000	20	-	
Capital single-year expenditure	-	10,923	9,531	8,175	10,704	10,704	3,842	788	702	
Total Capital Expenditure -	-	10,923	9,531	8,175	10,704	10,704	3,842	788	702	

Total capital budget for 2012/13 amounts to R 3, 842 million which includes:

Refurbishment of old chambers and offices R 1 000 000 as well as other smaller items.

1.7 Annual Budget Tables - Municipality

The following eighteen 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 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 7 MBRR Table A1 - Budget Summary

DC18 Lejweleputswa - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	8 093	5 076	3 551	2 700	2 170	2 170	-	1 680	1 700	1 700
Transfers recognised - operational	78 568	88 139	92 939	95 775	96 175	96 175	-	99 387	103 162	107 717
Other own revenue	561	975	687	115	781	781	-	685	726	769
Total Revenue (excluding capital transfers and contributions)	87 222	94 190	97 177	98 590	99 127	99 127	-	101 752	105 588	110 186
Employee costs	29 700	41 081	43 397	44 664	42 841	42 774	-	47 521	49 573	52 052
Remuneration of councillors	6 236	6 273	5 929	8 996	7 447	7 447	-	7 909	8 304	8 719
Depreciation & asset impairment	-	3 458	5 633	3 465	7 423	7 423	-	7 845	8 660	9 156
Finance charges	4 543	4 054	3 836	3 080	3 080	3 080	-	2 841	2 583	2 321
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	5 345	10 774	12 234	9 150	8 150	8 150	-	3 950	3 950	3 950
Other expenditure	26 589	21 534	26 401	30 561	45 970	45 005	-	29 808	30 605	31 979
Total Expenditure	72 413	87 174	97 430	99 916	114 912	113 880	-	99 874	103 675	108 177
Surplus/(Deficit)	14 809	7 016	(253)	(1 326)	(15 785)	(14 753)	-	1 878	1 913	2 009
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	14 809	7 016	(253)	(1 326)	(15 785)	(14 753)	-	1 878	1 913	2 009
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	14 809	7 016	(253)	(1 326)	(15 785)	(14 753)	-	1 878	1 913	2 009
Capital expenditure & funds sources										
Capital expenditure	2 158	10 923	9 531	8 175	10 704	10 704	-	3 842	788	702
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 158	10 923	9 531	8 175	10 704	10 704	-	3 842	788	702
Total sources of capital funds	2 158	10 923	9 531	8 175	10 704	10 704	-	3 842	788	702
Financial position										
Total current assets	56 836	58 360	48 954	37 071	47 415	47 415	-	52 683	50 318	50 033
Total non current assets	22 440	86 619	89 724	4 710	89 934	89 934	-	90 639	95 171	99 930
Total current liabilities	7 272	11 433	9 974	6 257	7 515	9 069	-	11 974	12 535	13 124
Total non current liabilities	21 253	23 344	23 065	18 337	24 645	24 645	-	24 646	24 961	25 292
Community wealth/Equity	50 751	110 204	105 639	17 187	105 188	103 635	-	106 703	107 992	111 546
Cash flows										
Net cash from (used) operating	(3 130)	12 604	5 216	5 793	(8 361)	(6 749)	-	9 723	10 573	11 167
Net cash from (used) investing	(2 368)	(12 629)	15 368	11 825	(18 704)	1 296	-	158	3 212	1 298
Net cash from (used) financing	-	(1 374)	(1 863)	-	-	-	-	(1 788)	(1 877)	(1 971)
Cash/cash equivalents at the year end	54 336	52 936	71 657	17 618	(27 065)	(5 453)	-	2 640	14 548	25 042
Cash backing/surplus reconciliation										
Cash and investments available	52 408	50 000	40 000	32 000	43 729	43 729	-	43 729	40 916	40 162
Application of cash and investments	3 362	4 292	3 830	4 042	13 007	13 007	-	5 292	5 553	5 834
Balance - surplus (shortfall)	49 046	45 708	36 170	27 958	30 722	30 722	-	38 437	35 363	34 328
Asset management										
Asset register summary (WDV)	2 158	10 923	2 037	8 175	11 620	11 620	4 757	4 757	1 749	1 711
Depreciation & asset impairment	-	3 458	5 633	3 465	7 423	7 423	7 845	7 845	8 660	9 156
Renewal of Existing Assets	-	2 224	4 830	6 000	6 919	6 919	6 919	1 000	-	-
Repairs and Maintenance	739	724	803	1 603	1 613	1 613	914	914	1 221	1 302

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is the budget summary and provides a concise overview of the Council's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit is positive for 2012/2013.
 - b. Capital expenditure is balanced by internally generated funds namely CRR.
4. The Cash backing/surplus reconciliation is positive and a Funding and Reserves Policy have been compiled to address CRR and all provisions in future.

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

DC18 Lejweleputswa - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
<i>Governance and administration</i>		65 869	67 111	70 681	97 800	98 337	98 337	100 752	104 718	109 236
Executive and council		34 490	44 411	45 316	93 735	94 044	94 044	97 137	101 042	105 517
Budget and treasury office		21 678	11 875	12 671	4 065	4 201	4 201	3 615	3 676	3 719
Corporate services		9 701	10 824	12 694	-	91	91	-	-	-
<i>Community and public safety</i>		5 536	5 786	5 438	-	-	-	-	-	-
Community and social services		4 560	5 786	5 438	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		976	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		14 363	20 093	19 073	790	790	790	1 000	870	950
Planning and development		3 783	10 483	7 911	790	790	790	1 000	870	950
Road transport		2 989	-	-	-	-	-	-	-	-
Environmental protection		7 591	9 609	11 163	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	1 455	1 200	1 985	-	-	-	-	-	-
Total Revenue - Standard	2	87 222	94 190	97 177	98 590	99 127	99 127	101 752	105 588	110 186
Expenditure - Standard										
<i>Governance and administration</i>		52 267	66 739	73 619	73 519	81 634	80 602	70 925	74 862	77 800
Executive and council		34 489	47 896	51 680	46 187	53 513	53 266	39 868	44 057	45 488
Budget and treasury office		8 076	10 854	12 104	14 140	13 210	12 760	16 469	17 586	18 405
Corporate services		9 702	7 989	9 835	13 192	14 911	14 576	14 588	13 220	13 907
<i>Community and public safety</i>		4 952	4 038	3 754	4 915	4 825	4 825	8 107	8 908	9 413
Community and social services		4 560	4 038	3 754	4 915	4 825	4 825	8 107	8 908	9 413
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		392	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		14 363	15 215	18 280	20 323	24 053	24 053	18 842	18 372	19 355
Planning and development		3 783	6 633	8 753	9 444	13 711	13 711	7 765	6 837	7 222
Road transport		2 989	-	-	-	-	-	-	-	-
Environmental protection		7 591	8 582	9 527	10 879	10 342	10 342	11 077	11 535	12 133
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	831	1 182	1 777	1 160	4 400	4 400	2 000	1 532	1 609
Total Expenditure - Standard	3	72 413	87 174	97 430	99 916	114 912	113 880	99 874	103 675	108 177
Surplus/(Deficit) for the year		14 809	7 016	(253)	(1 326)	(15 785)	(14 753)	1 878	1 913	2 009

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 4 functional areas.
2. Functions that show a deficit between revenue and expenditure are being financed from Grant revenues reflected under the Council General.

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

DC18 Lejweleputswa - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote										
Vote 4 - Council General	1	76 939	86 145	91 061	93 735	94 044	94 044	97 137	101 042	105 517
Revenue		76 939	86 145	91 061	93 735	94 044	94 044	97 137	101 042	105 517
Vote 6 - Financial Services		9 548	7 500	5 365	4 065	4 201	4 201	3 615	3 676	3 719
Revenue		9 548	7 500	5 365	4 065	4 201	4 201	3 615	3 676	3 719
Vote 7 - Corporate Services		-	-	-	-	91	91	-	-	-
Revenue		-	-	-	-	91	91	-	-	-
Vote 12 - Planning & Development		735	544	726	790	790	790	1 000	870	950
Revenue		735	544	726	790	790	790	1 000	870	950
Vote 15 - Tourism		-	-	25	-	-	-	-	-	-
Revenue		-	-	25	-	-	-	-	-	-
Total Revenue by Vote	2	87 222	94 190	97 177	98 590	99 127	99 127	101 752	105 588	110 186
Expenditure by Vote										
Vote 1 - Executive Mayor	1	7 288	7 876	11 742	12 120	18 889	18 889	10 907	13 008	13 543
Employee remuneration		2 853	2 952	4 584	5 126	5 273	5 273	5 805	6 095	6 400
Councillor Remuneration		691	719	825	912	782	782	848	891	935
Depreciation				93	205	86	86	96	204	216
Repairs & Maintenance		59	62	67	88	88	88	92	48	52
General Expenditure		3 685	4 143	6 174	5 789	12 660	12 660	4 066	5 771	5 941
Vote 2 - Speaker		2 396	2 590	2 860	3 568	2 684	2 684	2 834	3 234	3 436
Employee remuneration		1 047	1 398	1 343	1 519	1 450	1 450	1 560	1 638	1 720
Councillor Remuneration		514	306	628	722	614	614	667	700	735
Depreciation					53	47	47	61	154	162
Repairs & Maintenance					3	3	3	3	3	4
General Expenditure		835	886	888	1 271	570	570	544	739	816
Vote 3 - Mayoral Committee		4 520	4 843	5 423	6 183	4 826	4 826	5 245	5 447	5 720
Employee remuneration		623	759	950	1 014	950	950	1 052	1 105	1 160
Councillor Remuneration		3 498	3 627	3 911	4 757	3 374	3 374	3 611	3 792	3 981
Depreciation				71	38	72	72	79	23	24
Repairs & Maintenance		1	1		6	6	6	2	2	2
General Expenditure		398	456	490	368	424	424	500	525	552
Vote 4 - Council General		17 691	24 594	24 024	17 503	18 489	18 242	13 852	16 088	16 115
Councillor Remuneration		2 156	2 200	2 534	2 604	2 678	2 678	2 783	2 922	3 068
Depreciation			3 458	1 696	78	380	380	452	2 666	2 799
Repairs & Maintenance		113	128	47	53	75	75	66	40	42
Interest Expenses		4 543	4 054	3 272	3 080	3 080	3 080	2 841	2 583	2 321
Transfers to Local Municipalities		5 345	10 774	12 234	9 150	8 150	8 150	3 950	3 950	3 950
General Expenditure		5 534	3 981	4 241	2 537	4 126	3 879	3 761	3 927	3 935
Vote 5 - Municipal Manager		5 799	7 585	7 846	6 701	8 625	8 625	7 030	7 319	7 658
Employee remuneration		2 100	2 185	3 000	2 828	3 532	3 532	3 687	3 872	4 065
Depreciation				1 267	49	59	59	105	128	136
Repairs & Maintenance		1	1		6	6	6	4	4	5
General Expenditure		3 698	5 399	3 579	3 818	5 028	5 028	3 233	3 315	3 452
Vote 6 - Financial Services		9 191	9 845	10 135	12 286	11 934	11 484	16 468	17 486	18 105
Employee remuneration		5 169	5 000	5 440	6 720	6 317	6 317	9 777	10 267	10 780
Depreciation				321	854	174	174	1 073	1 633	1 717
Repairs & Maintenance		35	37	58	76	71	71	143		
General Expenditure		3 987	4 808	4 316	4 636	5 372	4 922	5 475	5 586	5 608
Vote 7 - Corporate Services		4 430	4 751	5 705	6 757	6 082	5 952	9 829	10 396	10 915
Employee remuneration		3 320	3 449	5 024	5 022	4 421	4 421	7 810	8 200	8 610
Depreciation				234	167	174	174	185	511	537
Repairs & Maintenance		5	5		11	11	11	5		
General Expenditure		1 105	1 297	446	1 557	1 476	1 346	1 829	1 684	1 768
Vote 8 - Human Resources		978	1 128	1 361	2 312	2 471	2 395	-	-	-
Employee remuneration		843	988	1 223	2 150	2 119	2 052			
Depreciation					7	2	2			
Repairs & Maintenance					2	2	2			
General Expenditure		135	139	137	153	348	339			
Vote 9 - Information Technology		1 100	1 189	1 497	1 717	1 767	1 765	-	-	-
Employee remuneration		812	865	1 193	1 216	1 227	1 227			
Depreciation				228	26	426	426			
Repairs & Maintenance		2	2	2	2	2	2			
General Expenditure		286	322	74	473	112	110			
Vote 10 - Property		1 462	1 573	1 139	2 406	4 591	4 465	4 759	2 824	2 993
Employee remuneration		312	354		119	125	125	135	142	149
Depreciation				61	493	2 740	2 740	2 913	349	367
Repairs & Maintenance		450	503	327	715	715	715	550	1 093	1 165
General Expenditure		700	716	751	1 079	1 011	885	1 160	1 240	1 312

Vote 11 - Municipal Support		391	453	1 987	1 854	1 276	1 276	-	-	-
Employee remuneration		319	346	1 894	1 626	1 082	1 082			
Depreciation					76	96	96			
Repairs & Maintenance					4	2	2			
General Expenditure		72	107	93	147	96	96			
Vote 12 - Planning & Development		6 085	7 512	8 753	9 556	13 711	13 711	7 765	6 437	7 023
Employee remuneration		3 064	3 114	4 650	5 398	5 129	5 129	4 606	4 836	5 078
Depreciation				1 720	1 222	2 623	2 623	97	79	84
Repairs & Maintenance		1	1	279	516	516	516	3	3	3
General Expenditure		3 020	4 397	2 103	2 420	5 443	5 443	3 059	1 519	1 858
Vote 13 - Community & Social Services		4 024	4 541	3 754	4 915	4 825	4 825	8 107	8 608	9 212
Employee remuneration		2 985	3 070	2 824	3 313	2 918	2 918	4 257	4 470	4 694
Depreciation				202	83	472	472	2 452	2 821	3 018
Repairs & Maintenance		144	163	22	29	29	29	31	12	12
General Expenditure		895	1 307	705	1 489	1 407	1 407	1 367	1 305	1 488
Vote 14 - Environmental Health Services		5 987	7 514	9 422	10 879	10 342	10 342	11 077	11 295	11 848
Employee remuneration		4 326	5 815	7 850	8 613	8 298	8 298	8 830	9 271	9 735
Depreciation				39	111	74	74	331	91	97
Repairs & Maintenance		1		1	92	92	92	17	17	18
General Expenditure		1 660	1 700	1 532	2 062	1 877	1 877	1 899	1 915	1 998
Vote 15 - Tourism		1 072	1 182	1 784	1 160	4 400	4 400	2 000	1 532	1 609
General Expenditure		1 072	1 182	1 784	1 160	4 400	4 400	2 000	1 532	1 609
Total Expenditure by Vote	2	72 413	87 174	97 430	99 916	114 912	113 880	99 874	103 675	108 177
Surplus/(Deficit) for the year	2	14 809	7 016	(253)	(1 326)	(15 785)	(14 753)	1 878	1 913	2 009

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 Council.

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

DC18 Lejweleputswa - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		8 093	5 076	3 551	2 700	2 170	2 170		1 680	1 700	1 700
Interest earned - outstanding debtors		374	371	533	100	609	609		645	684	725
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		78 568	88 139	92 939	95 775	96 175	96 175		99 387	103 162	107 717
Other revenue	2	87	604	154	15	173	173	-	40	42	44
Gains on disposal of PPE		100									
Total Revenue (excluding capital transfers and contributions)		87 222	94 190	97 177	98 590	99 127	99 127	-	101 752	105 588	110 186
Expenditure By Type											
Employee related costs	2	29 700	41 081	43 397	44 664	42 841	42 774	-	47 521	49 573	52 052
Remuneration of councillors		6 236	6 273	5 929	8 996	7 447	7 447		7 909	8 304	8 719
Debt impairment	3	-	-	1 249	-	-	-		-	-	-
Depreciation & asset impairment	2	-	3 458	5 633	3 465	7 423	7 423	-	7 845	8 660	9 156
Finance charges		4 543	4 054	3 836	3 080	3 080	3 080		2 841	2 583	2 321
Bulk purchases	2	-	-	-	-	-	-		-	-	-
Other materials	8	-	-	-	-	-	-		-	-	-
Contracted services											
Transfers and grants		5 345	10 774	12 234	9 150	8 150	8 150	-	3 950	3 950	3 950
Other expenditure	4, 5	26 589	21 427	24 836	30 561	45 970	45 005	-	29 808	30 605	31 979
Loss on disposal of PPE			107	316							
Total Expenditure		72 413	87 174	97 430	99 916	114 912	113 880	-	99 874	103 675	108 177
Surplus/(Deficit)		14 809	7 016	(253)	(1 326)	(15 785)	(14 753)	-	1 878	1 913	2 009
Transfers recognised - capital											
Contributions recognised - capital	6	-	-	-	-	-	-		-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		14 809	7 016	(253)	(1 326)	(15 785)	(14 753)	-	1 878	1 913	2 009
Taxation											
Surplus/(Deficit) after taxation		14 809	7 016	(253)	(1 326)	(15 785)	(14 753)	-	1 878	1 913	2 009
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		14 809	7 016	(253)	(1 326)	(15 785)	(14 753)	-	1 878	1 913	2 009
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		14 809	7 016	(253)	(1 326)	(15 785)	(14 753)	-	1 878	1 913	2 009

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

1. Total revenue is R101,752 million 2012/2013 and escalates to R 110,186 million by 2014/15. This represents a year-on-year increase of 3.8 per cent for the 2013/14 financial year and 4.4 per cent for the 2014/15 financial year.
2. Transfers recognised-operating, includes the local government equitable share and other operating grants from national and provincial government.

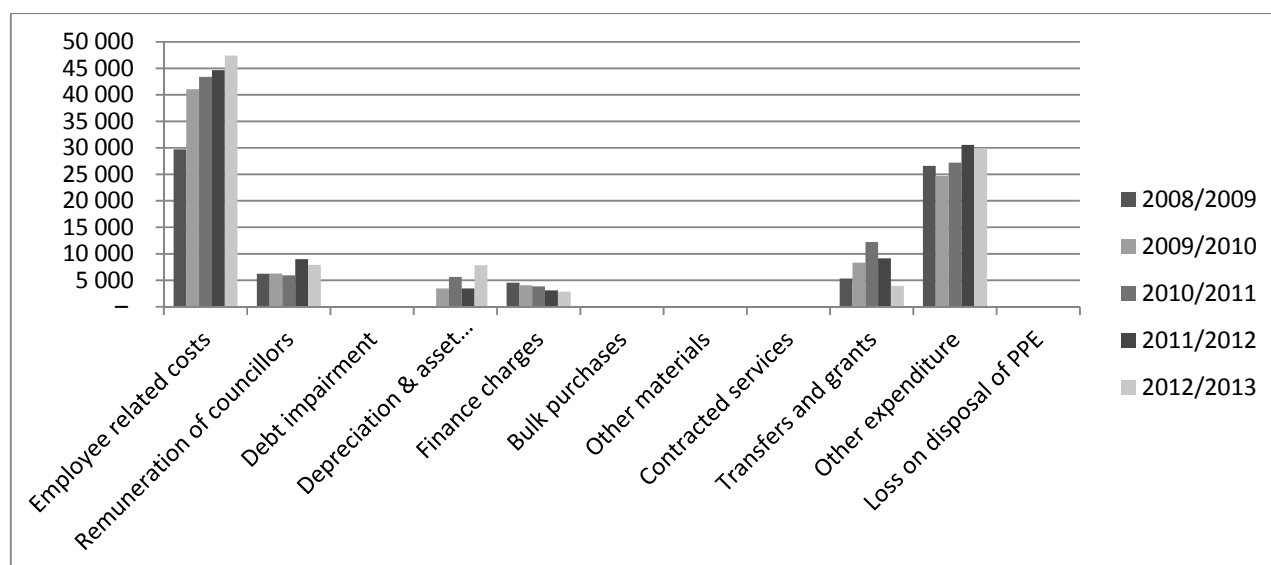


Figure 2 Expenditure by major type

1. Employee related costs and other expenditure are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of the wage bill in future years.

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

DC18 Lejweleputswa - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive Mayor		-	-	-	-	-	-	-	-	-	-
Vote 2 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayoral Committee		-	-	-	-	-	-	-	-	-	-
Vote 4 - Council General		-	-	-	-	-	-	-	-	-	-
Vote 5 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 6 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Human Resources		-	-	-	-	-	-	-	-	-	-
Vote 9 - Information Technology		-	-	-	-	-	-	-	-	-	-
Vote 10 - Property		-	-	-	-	-	-	-	-	-	-
Vote 11 - Municipal Support		-	-	-	-	-	-	-	-	-	-
Vote 12 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 13 - Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 14 - Environmental Health Services		-	-	-	-	-	-	-	-	-	-
Vote 15 - Tourism		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive Mayor		-	1	33	30	60	60	-	40	42	44
Vote 2 - Speaker		-	-	12	20	58	58	-	30	50	70
Vote 3 - Mayoral Committee		-	-	-	40	71	71	-	20	70	40
Vote 4 - Council General		-	1,106	5,003	50	102	102	-	260	275	195
Vote 5 - Municipal Manager		-	-	21	200	200	200	-	200	45	60
Vote 6 - Financial Services		-	15	49	150	140	140	-	935	240	265
Vote 7 - Corporate Services		-	5,241	-	20	-	-	-	22	16	-
Vote 8 - Human Resources		-	-	-	10	10	10	-	-	-	-
Vote 9 - Information Technology		-	77	208	355	845	845	-	-	-	-
Vote 10 - Property		-	-	-	1,150	1,150	1,150	-	1,300	-	-
Vote 11 - Municipal Support		-	-	-	20	20	20	-	-	-	-
Vote 12 - Planning & Development		-	107	13	60	60	60	-	35	-	13
Vote 13 - Community & Social Services		-	4,369	4,094	6,020	7,939	7,939	-	-	30	15
Vote 14 - Environmental Health Services		-	7	97	50	50	50	-	1,000	20	-
Vote 15 - Tourism		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	10,923	9,531	8,175	10,704	10,704	-	3,842	788	702
Total Capital Expenditure - Vote		-	10,923	9,531	8,175	10,704	10,704	-	3,842	788	702
Capital Expenditure - Standard											
Governance and administration		1,404	6,440	5,326	2,045	2,655	2,655	-	2,807	738	674
Executive and council		1,134	1,107	5,070	340	490	490	-	550	482	409
Budget and treasury office		-	15	49	170	160	160	-	935	240	265
Corporate services		270	5,318	208	1,535	2,005	2,005	-	1,322	16	-
Community and public safety		713	4,369	4,094	6,020	7,939	7,939	-	-	30	15
Community and social services		30	4,369	4,094	6,020	7,939	7,939	-	-	30	15
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		253	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		431	-	-	-	-	-	-	-	-	-
Economic and environmental services		42	114	110	110	110	110	-	1,035	20	13
Planning and development		42	107	13	60	60	60	-	35	-	13
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	7	97	50	50	50	-	1,000	20	-
Trading services		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	2,158	10,923	9,531	8,175	10,704	10,704	-	3,842	788	702
Funded by:											
National Government		-	-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2,158	10,923	9,531	8,175	10,704	10,704	-	3,842	788	702
Total Capital Funding	7	2,158	10,923	9,531	8,175	10,704	10,704	-	3,842	788	702

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

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

Table 12 MBRR Table A6 - Budgeted Financial Position

DC18 Lejweleputswa - Table A6 Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Current assets											
Cash		408									
Call investment deposits	1	52 000	50 000	40 000	32 000	43 729	43 729	-	43 729	40 916	40 162
Consumer debtors	1	4 423	8 360	8 954	5 071	662	662	-	5 930	6 227	6 538
Other debtors		5				3 024	3 024		3 024	3 175	3 334
Current portion of long-term receivables											
Inventory	2										
Total current assets		56 836	58 360	48 954	37 071	47 415	47 415	-	52 683	50 318	50 033
Non current assets											
Long-term receivables		22 440									
Investments						-	-				
Investment property											
Investment in Associate		0							0	0	0
Property, plant and equipment	3	-	86 619	89 724	4 710	89 018	89 018	-	89 724	94 210	98 921
Agricultural											
Biological						916	916		915	961	1 009
Intangible											
Other non-current assets											
Total non current assets		22 440	86 619	89 724	4 710	89 934	89 934	-	90 639	95 171	99 930
TOTAL ASSETS		79 276	144 980	138 678	41 781	137 349	137 349	-	143 322	145 489	149 963
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	1 187	1 971	1 706	1 554	-	1 554	-	1 706	1 792	1 881
Consumer deposits											
Trade and other payables	4	3 362	9 462	8 268	4 703	7 515	7 515	-	9 515	9 991	10 491
Provisions		2 724							752	752	752
Total current liabilities		7 272	11 433	9 974	6 257	7 515	9 069	-	11 974	12 535	13 124
Non current liabilities											
Borrowing		21 253	19 936	18 338	18 337	18 337	18 337	-	18 337	18 337	18 337
Provisions		-	3 407	4 728	-	6 308	6 308	-	6 308	6 624	6 955
Total non current liabilities		21 253	23 344	23 065	18 337	24 645	24 645	-	24 646	24 961	25 292
TOTAL LIABILITIES		28 525	34 776	33 040	24 594	32 161	33 714	-	36 620	37 496	38 417
NET ASSETS	5	50 751	110 204	105 639	17 187	105 188	103 635	-	106 703	107 992	111 546
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		18 174	110 204	105 639	17 187	105 188	103 635		106 703	107 992	111 546
Reserves	4	32 577	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	50 751	110 204	105 639	17 187	105 188	103 635	-	106 703	107 992	111 546

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 6 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Table 13 MBRR Table A7 - Budgeted Cash Flow Statement

DC18 Lejweleputswa - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ralepayers and other	1	78,568	603	340	15	173	173		685	726	769
Government - operating			79,587	92,939	95,775	96,175	96,175		99,387	103,162	107,719
Government - capital	1	8,467	4,057	4,084	2,800	2,779	2,779		1,680	1,700	1,700
Interest											
Dividends											
Payments											
Suppliers and employees		(80,277)	(59,283)	(76,077)	(80,717)	(96,258)	(94,646)		(85,238)	(88,482)	(92,750)
Finance charges		(4,543)	(4,054)	(3,836)	(3,080)	(3,080)	(3,080)		(2,841)	(2,583)	(2,321)
Transfers and Grants	1	(5,345)	(8,308)	(12,234)	(9,000)	(8,150)	(8,150)		(3,950)	(3,950)	(3,950)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(3,130)	12,604	5,216	5,793	(8,361)	(6,749)	-	9,723	10,573	11,167
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		100									
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables											
Decrease (Increase) in non-current investments			1,000	25,000	20,000	(8,000)	12,000		4,000	4,000	2,000
Payments											
Capital assets		(2,469)	(13,629)	(9,632)	(8,175)	(10,704)	(10,704)		(3,842)	(788)	(702)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(2,368)	(12,629)	15,368	11,825	(18,704)	1,296	-	158	3,212	1,298
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			(1,374)	(1,863)					(1,788)	(1,877)	(1,971)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(1,374)	(1,863)	-	-	-	-	(1,788)	(1,877)	(1,971)
NET INCREASE/ (DECREASE) IN CASH HELD		(5,498)	(1,399)	18,721	17,618	(27,065)	(5,453)	-	8,093	11,908	10,494
Cash/cash equivalents at the year begin:	2	59,834	54,336	52,936					(5,453)	2,640	14,548
Cash/cash equivalents at the year end:	2	54,336	52,936	71,657	17,618	(27,065)	(5,453)		2,640	14,548	25,042

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

DC18 Lejweleputswa - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	54,336	52,936	71,657	17,618	(27,065)	(5,453)	-	2,640	14,548	25,042
Other current investments > 90 days		(1,928)	(2,927)	(27,928)	14,382	70,794	49,182	-	41,089	26,368	15,120
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		52,408	50,009	43,729	32,000	43,729	43,729	-	43,729	40,916	40,162
Application of cash and investments											
Unspent conditional transfers		-	848	667	-	667	667	-	667	700	735
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	3,362	3,444	3,163	4,042	6,032	6,032	-	(103)	(111)	(115)
Other provisions						6,308	6,308		4,728	4,964	5,213
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		3,362	4,292	3,830	4,042	13,007	13,007	-	5,292	5,553	5,834
Surplus(shortfall)		49,046	45,717	39,900	27,958	30,722	30,722	-	38,437	35,363	34,328

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of Council fell significantly over the 2011/12 to a net decrease in cash R5, 453 million.
4. The 2012/2013 budget indicates an increase in the Cash and cash equivalents to R 2, 640 million.

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. The 2012/2013 budget is showing a positive outcome.

Table 15 MBRR Table A9 - Asset Management

DC18 Lejweleputswa - Table A9 Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	2,158	8,700	4,701	2,175	3,785	3,785	2,842	788	702
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2,158	8,700	4,599	2,175	3,695	3,695	2,512	758	654
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	101	-	90	90	330	30	48
Total Renewal of Existing Assets	2	-	2,224	4,830	6,000	6,919	6,919	1,000	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	2,224	4,830	6,000	6,919	6,919	1,000	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2,158	10,924	9,429	8,175	10,614	10,614	3,512	758	654
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	101	-	90	90	330	30	48
TOTAL CAPITAL EXPENDITURE - Asset class	2	2,158	10,924	9,531	8,175	10,704	10,704	3,842	788	702
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		2,158	(10,923)	2,037	8,175	10,704	10,704	3,842	788	702
Community										
Heritage assets										
Investment properties										
Other assets										
Agricultural Assets										
Biological assets										
Intangibles						916	916	915	961	1,009
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	2,158	(10,923)	2,037	8,175	11,620	11,620	4,757	1,749	1,711

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.

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

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

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

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The IDP and budget time lines schedule was table to the Mayoral Committee in August 2011. Key dates applicable to the process were:

BUDGET AND IDP TIMELINES

LEJWELEPUTSWA DISTRICT MUNICIPALITY IDP AND BUDGET PROCESS TIMEFRAMES				
	ACTION/ OUTPUT	DELIVERABLE	RESPONSIBLE	ACTION DATE
1.	<i>IDP to be reviewed</i>		<i>MM and Executive Mayor</i>	01 July 2011 to 31 May 2012
2.	<i>IDP Managers' Forum workshop on framework and process plan development</i>		<i>District IDP Manager, Local IDP Managers</i>	17 July 2011
3.	<i>Formation of IDP committees</i>		<i>Municipal Manager and s57 Managers</i>	July 2011
4.	<i>Submission of framework and process plans for adoption by council</i>	Adopted framework and process plans	<i>Municipal Manager</i>	August 2011
5.	<i>IDP analysis phase draft review report to Steering Committee</i>		<i>IDP Manager and Municipal Manager</i>	September 2011
6.	<i>Start community consultation process to ensure public participation</i>		<i>Executive Mayor and MM, etc</i>	October 2011
7.	<i>IDP Steering Committee quarterly performance review- Municipal SDBIP</i>	Quarterly Informal Performance Assessment Results	<i>Municipal Manager and s57 Managers</i>	Oct. 2011
8.	<i>Estimate available resources and provide guidance for way forward for budgeting</i>		<i>CFO and Budget Control Officer</i>	Oct. 2011
9.	<i>Review key objectives, strategies and projects</i>	Reviewed key objectives, strategies and projects	<i>Municipal Manager, IDP Manager, IDP Steering Com</i>	Nov. 2011
10.	<i>Submit budget instructions to all relevant persons</i>		<i>CFO and Budget Control Officer</i>	16 Nov. 2011
11.	<i>Submit 2012/2013 budget framework to all relevant persons (Budget framework to include salary, operational and capital related information).</i>		<i>CFO and Budget Control Officer</i>	16 Nov. 2011
12.	<i>Preparation of a summary of available funds from: Internal funds, e.g. CDF and External funding ,e.g. FM grant</i>		<i>CFO and Budget Control Officer</i>	30 Nov. 2011
13.	<i>Prioritization of reviewed project list for 2012/13 from the 2011/12 IDP</i>	Project list	<i>MM, Steering Committee</i>	Nov. 2011

15.	<i>Submission of detailed estimates by MM, HODs and Political Offices to CFO.</i>	Budget estimates	<i>MM, HODs and Political Offices</i>	Dec. 2011
16.	<i>Assess financial feasibility of proposed new projects based on existing and potential funds</i>	Proposed new project list	<i>All HODs and Budget Control Officer</i>	Jan 2012
17.	<i>Meeting with relevant officials (First draft Budget meeting)</i>	Draft budget	<i>CFO, Budget Control Officer</i>	Jan. 2012
18.	<i>Meeting with relevant officials (Second draft Budget meeting)</i>		<i>CFO, Budget Control Officer</i>	Jan 2012
19.	<i>Meeting with relevant officials (Third draft Budget meeting)</i>		<i>CFO, Budget Control Officer</i>	Jan 2012
20.	<i>Considering of Draft Budget by Finance Portfolio Committee</i>		<i>CFO</i>	Feb. 2012
21.	<i>Table a draft reviewed IDP and budget to MAYCO for consideration.</i>	Mayoral committee IDP and budget item	<i>MM and Executive Mayor</i>	Mar. 2012
22.	<i>Tabling of MTEF Budget in Council meeting</i>	Draft budget item to Council	<i>Executive Mayor</i>	Mar. 2012
23.	<i>Tabling of draft IDP to council for approval as first draft</i>	Draft IDP item to Council	<i>Executive Mayor</i>	Mar. 2012
24.	<i>Publicize tabled budget within 5 Days after tabling on website & media</i>		<i>MM and CFO</i>	Apr. 2012
25.	<i>Submit copies of IDP and budget to National /Provincial Treasury</i>		<i>MM and CFO</i>	Apr. 2012
26.	<i>Second leg of IDP and Budget Participation process starts. Comments, additions and proposals by stakeholders</i>		<i>MM, CFO, HODs and Budget Control Officer and political offices</i>	Apr. 2012

27.	<i>Finalize IDP and Budget, prepare and submit report for inclusion in Council agenda. Consider stakeholders input</i>		<i>MM, CFO and Budget Control Officer</i>	Apr. 2012
28.	<i>Mayoral Committee finalizes the draft 2012/13 IDP and budget</i>		<i>MM and CFO</i>	May 2012
29.	<i>Submission of IDP and budget for 2012/2013 for approval by council</i>	Approved IDP and Budget by Council	<i>MM and CFO</i>	May 2012
30.	<i>Prepare Budget in the required format and submission thereof to both Provincial National Treasury</i>		<i>CFO and Budget Control Officer</i>	Jun. 2012
31.	<i>Submit the approved IDP to provincial departments</i>		<i>MM</i>	May 2012
32.	<i>Submit draft SDBIP to Mayor within 14 days after approval of the budget and IDP.</i>	Final Municipal SDBIP	<i>MM</i>	Jun. 2012
33.	<i>Set up expenditure, revenue and asset management system, incorporating budget.</i>		<i>CFO</i>	June 2012

The following table sets out the municipalities main performance objectives and benchmarks for the 2011/12 MTREF.

Table 16 MBRR Table SA8 - Performance indicators and benchmarks

DC18 Lejweleputswa - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6.3%	6.2%	5.8%	3.1%	2.7%	2.7%	0.0%	4.6%	4.3%	4.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	52.5%	89.7%	134.5%	109.4%	104.4%	104.4%	0.0%	195.7%	183.8%	173.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	65.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	7.8	5.1	5.3	5.9	6.3	5.2	-	4.4	4.0	3.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	7.8	5.1	5.3	5.9	6.3	5.2	-	4.4	4.0	3.8
Liquidity Ratio	Monetary Assets/Current Liabilities	7.2	4.4	4.4	5.1	5.8	4.8	-	3.7	3.3	3.1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	61.8%	49.6%	13.0%	22.1%	22.1%	0.0%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			0.0%	61.8%	49.6%	13.0%	22.1%	22.1%	0.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	30.8%	8.9%	9.2%	5.1%	3.7%	3.7%	0.0%	8.8%	8.9%	9.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	90.0%	92.0%	97.0%	97.0%	97.0%	97.0%		100.0%	100.0%	100.0%
Creditors to Cash and Investments		6.2%	16.3%	10.6%	26.7%	-25.3%	-125.6%	0.0%	335.1%	63.9%	39.0%
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.1%	43.6%	44.7%	45.3%	43.2%	42.7%	0.0%	46.6%	46.9%	47.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	41.2%	53.8%	42.3%	54.4%	50.1%	50.0%		54.5%	54.8%	55.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.8%	0.8%	0.8%	1.6%	1.6%	1.6%		0.9%	1.2%	1.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.2%	8.0%	9.7%	6.6%	10.6%	10.6%	0.0%	10.5%	10.6%	10.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	1.6	1.0	1.5	1.0	1.0	1.0	-	0.7	0.7	0.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	11.5	9.2	11.5	2.7	(4.1)	(0.8)	-	0.4	2.3	3.9

1.8.2 Performance indicators and benchmarks

1.8.2.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Lejweleputswa District Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. Council's debt portfolio is dominated by annuity loans and there is no intention to take up further loans.

The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is 4.6% for 2012/13.

1.8.2.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities which is standing at 4.4 for 2012/2013.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately which reflects a 3.7 ratio for 2012/2013

1.8.2.3 Revenue Management

- Outstanding debtors to revenue stand at 8,8% and processes to write off old debt will be forwarded soon.

1.8.2.4 Creditors Management

- Table indicates that 97 % of creditor's are paid within 30 days and the goal is to improve this to 100% in 2012/2013.
- Other Indicators
Employee costs as a percentage of operating revenue continues to increase which is a concern.
- Repairs and maintenance as percentage of operating revenue is showing an increase over the MTREF period.

1.9 Overview of budget related-policies

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

Policies	Approved	To be amended	Ne w policies
Accounting policies	28-May-10		
Asset management policy	28-May-10		
Budget Policy	28-May-10		
Investment policy	28-May-10		
Supply chain Management Policy	28-May-10	Mar-12	
Capital Replacement Reserve			Mar-12
Funding and Reserve Policy			Mar-12
Virement Policy			Mar-12

1.9.1 Supply Chain Management Policy

Amendments need to be effected on this policy as promulgated in Gazette 34350 of 8 June 2011. The amendments deal with Preference Points System to be applied as well as evaluation in terms of functionality and BBE status.

The sentences/ paragraphs shaded light grey to be removed from policy, and the sentences / paragraphs shaded with dark grey be included in the policy.

SUPPLY CHAIN MANAGEMENT POLICY

**CHAPTER 1
DEFINITIONS**

1.1 In this Code, unless the context of a particular tender, contract or order indicates otherwise, a word or expression to which a meaning has been assigned in the Act or the regulations has the same meaning as in the Act or regulations, and:

"acceptance of an offer" means awarding a contract to a supplier in response to a tender or price quotation submitted by that supplier;

"accredited supplier" means a prospective supplier whose details are recorded in the Register at the time when the Municipality invites offers;

"acquisition" means a process of preparing, soliciting, negotiating and concluding a contract for the benefit and on behalf of the Municipality for –

the acquisition of goods, services and the execution of work or any combination thereof;

- (a) the acquisition of capital assets;
- (b) the acquisition of rights relating to any of the above matters;

"Act" means the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003);

"Act" means the Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000)

"all applicable taxes" includes value-added tax, pay as your earn, income tax, unemployment insurance fund contributions and skills development levies;

"administration" in relation to the Municipality, means the Municipal Manager and other employees of the Municipality;

"asset management unit" means the organisational unit within the department responsible for financial services that was assigned the responsibility for asset management;

"asset utilisation management" means the systematic process of operating, preserving/maintaining and upgrading/restoring assets cost-effectively to meet and continue meeting predetermined standards, including regular performance of condition assessments of assets and reporting there-on and estimating the annual amount required to maintain and preserve assets at the condition level originally established for those assets;

“B-BBEE” means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment; **“B-BBEE status level of contributor”** means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Code of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

“bid” means a written offer for the supply of goods to, the execution of work for or the rendering of a service to the Municipality the value of which exceeds R 200,000 (VAT inclusive) submitted on the official bid documents forming part of an invitation to bid or a request for proposals which invitation has been dealt with in accordance with the requirements of the general terms, conditions and procedures contained in, or any special terms, conditions and procedures issued in terms of, the official bid documents and this Code and has been advertised, unless specifically determined otherwise by the Municipality and includes a “tender”;

“bid committee” means the appropriate committee contemplated in Chapter 4 of this Code;

“black-empowered enterprise” means an enterprise in which at least 25,1% of the equity is owned by HDIs;

“black-owned enterprise” means an enterprise in which at least 50,1% of the equity is owned HDIs;

“Broad-Based Black Economic Empowerment Act” means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

“capacity” in relation to a supplier, means the ability of the supplier concerned in terms of the availability to her/him, of the human and financial resources, expertise and administrative infrastructure to execute the contract concerned at the required standard and within the prescribed or agreed time;

“capital asset” means non-consumable movable and immovable property, including land and improvements thereon, of the Municipality;

“certificate of satisfactory execution” means a certificate issued and signed by a departmental head or the Municipal Manager that a specific contract or part

of a specific contract has been completed satisfactorily and in accordance with the relevant contract and order;

"**closing time**" in relation to offers means the date and hour specified in the invitation for the receipt of offers;

"**combative practice**" includes, but is not limited to –

- (a) suggesting that fictitious lower quotations have been submitted;
- (b) refer to non-existent competition;
- (c) exploit errors in price quotations/bids; and
- (d) soliciting offers from suppliers whose names appear on the Register for Tender Defaulters;

"**comparative price**" means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration;

"**contract**" means the agreement which results from the acceptance of an offer whether or not the parties formalised their agreement by means of negotiation and signing of a single document;

"**contractor**" means any person whose offer has been accepted and includes a supplier;

"**control**" in relation to a claim for preference based on ownership of equity in the business of a supplier, means to have and to exercise legal authority to manage the assets, goodwill and daily operations of the business concerned and the active and continuous exercise of meaningful managerial authority in determining the policies of the business and directing its operations;

"**delivery**" means delivery or completion in compliance with the conditions of the relevant contract or order;

"**delivery into store**" means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the relevant contract or order, the contractor bearing all risks and charges involved until the supplies are so delivered and a valid receipt is obtained;

“departmental head” in relation to the Municipality, means any employee of the Municipality who is directly accountable to the Municipal Manager and has been appointed as departmental head, and includes any person lawfully acting in her/his stead or under her/his instructions;

“designated sector” means a sector; sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only local produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content:

“disability” in respect of a person, means a permanent impairment of a physical, intellectual or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being;

“disposal” means –

- (a) the process of preparing, soliciting, negotiating and concluding a contract for the alienation of an asset by means of–
 - (i) sale, including the transfer of ownership in the asset concerned;
 - (ii) lease which does not include the transfer of ownership in the asset concerned;
 - (iii) donation, including the transfer of ownership in the asset concerned; and
- (b) the destruction of an obsolete, redundant or unserviceable asset

and **“dispose”** has a similar meaning;

“execution of work” means the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure and includes –

- (a) the construction, alteration, erection, demolishing, repair, maintenance or refurbishment and commissioning of any building, part of a building or similar structure;
- (b) the laying, installation, diversion, repair, maintenance, cleaning or removal and commissioning of any pipe, cable, pump, dam, tank, reservoir, borehole or other infrastructure used to provide or in connection with the provision of municipal services;

- (c) the construction, rebuilding, resurfacing, diversion, maintenance or repair and commissioning of any street, road, parking area, culvert, storm water drain or pavement;
- (d) the installation, alteration, removal, maintenance or replacement and commissioning of any lifts, electrical wiring, plugs and switches, plumbing, geysers, wash basins, substations, toilets and urinals within or outside a structure owned or under the control, of the Municipality;
- (e) the installation, repair, maintenance, upgrading and replacement and commissioning of any computer, network cabling and channelling, servers, printers, computer soft ware, routers, modems and like information technology hardware, photocopiers, facsimile machines, photocopying equipment, telephones and telephone systems and telephone cabling;
- (f) the replacement of any broken or damage part, repair, alteration or maintenance and commissioning of any vehicle or mechanical equipment of the Municipality; and
- (g) the installation, maintenance, repair, upgrading or replacement and commissioning of damage parts of any closed-circuit television system and the hardware associated with it within any office or building of the Municipality, whether on or below the surface of the ground;

“fixed price” means a price that is not subject to contract price adjustment;

“firm price” in relation to an offering, means the stated price which are only subject to adjustments in accordance with actual increases or decreases resulting from a change, imposition or abolition of any duty, levy or tax which, in terms of a law is binding upon the supplier and demonstrably have an influence on the prices of any goods, the execution of any work or the rendering of any service, for the execution of the contract. Where different prices are tendered for different periods of the same contract, the bid price applicable in respect of a particular period of the contract shall be a firm price if, as regards such period, it conforms to this definition;

“functionality” means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer;

“historically disadvantaged individual (HDI)” means a person who obtained South African citizenship before the coming into operation of the Interim Constitution and who –

- (a) due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the

Republic of South Africa, 1983 (Act No 110 of 1983) or the Interim Constitution; and/or

- (b) is a female; and/or
- (c) has a disability;

“invitation to bid” means an invitation to bid or a request for proposals extended –

- (a) to the general public by way of publication in a newspaper to submit tenders or price quotations for a specific contract; or
- (b) in writing to a supplier registered in the Register or Roster to submit offers for a specific contract; or
- (c) orally or in writing to a supplier to submit an offer for a specific contract;

“knowledge management database” means the database of information established by the Municipality to facilitate learning of councillors and officials;

“Municipality” means Lejweleputswa District Municipality and includes any political structure, political office-bearer or employee of the Municipality lawfully acting in its stead;

“Municipal Manager” means the person appointed in that position, regardless of her/his designation, and includes any person lawfully acting in her/his stead or under her/his instructions;

“non-firm prices” mean all prices other than firm prices;

“non-HDI firm” means an enterprise in which less than 25,1% of equity is owned by HDIs;

“offer” means a bid or price quotation and “offering” has a similar meaning;

“order” means an official written and properly authorised order for the supply of goods to, the execution of work for or the rendering of a service to the Municipality issued after the acceptance of an offer;

“own” in relation to a claim for preference based on ownership of equity in an enterprise, means having all the customary incidents of ownership including the authority to dispose of and share risks and profits commensurate with the degree

of ownership evidenced by the substance rather than the form of ownership arrangements;

"**period contract**" means a contract entered into for the supply of goods, the rendering of a service or the execution of work during a specified period of time;

"person" includes a juristic person;

"**preference**" means a percentage of the offered price deducted from the offered price of certain products or services, as determined by the Minister of Finance, for use when calculating the comparative price in terms of Chapter 8 ;

"proposal" means a written exposition of a service to be rendered to the Municipality in response to an invitation to submit offers;

"prospective supplier" means any natural or legal person or association of persons, whether registered in terms of legislation or not, who participates in any procurement process of the Municipality with a view to be awarded a contract to supply goods, render a service or execute work on behalf and for the benefit of the Municipality and includes any such person or association registered in the register;

"policy" means the Municipality's supply chain management policy;

"publish" means publish in a newspaper of record determined by the Municipality in terms of section 21(1)(b) of the Local Government: Municipal Systems Act 2000 (Act No 32 of 2000) and made available in terms of section 21A of the Act;

"purchasing department" means the department or other organisational entity within the Municipality that wishes to –

- (a) acquire any goods or services on behalf and for the benefit of the Municipality; and
- (b) secure a contractor for the execution of work on behalf of the Municipality.

"**quotation**" means a verbal or written offer for the supply of goods to, the execution of work for or the rendering of a service to the Municipality for which

tenders do not need to be invited due to the estimated value of the contract being less than R 200,000 (VAT inclusive);

“register” means the Register of Accredited Prospective Suppliers contemplated in Chapter 7;

“regulations” means the Municipal Supply Chain Management Regulations promulgated in terms of Government Notice No 868 of 2005 (Government Gazette No 27636 of 30 May 2005)

“Republic” means the Republic of South Africa;

“roster” means the Roster of Professional Service Providers contemplated in Chapter 7;

“small, medium or micro enterprise” means a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the Schedule to the National Small Business Act 1996 (Act No 102 of 1996) and which can be classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule to the said Act opposite the smallest relevant size or class as mentioned in column 2 of that Schedule;

“stipulated minimum threshold” means that portion of local production and content as determined by the Department of Trade and Industry;

“supplier” means any natural or legal person or association of persons, whether registered in terms of legislation or not, who has been awarded a contract to supply goods, render a service or execute work on behalf and for the benefit of the Municipality;

“tender” means a bid; and

“tender” means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive tendering processes or proposals;

“total revenue” bears the same meaning assigned to this expression in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act and promulgated in the Government Gazette on 9 February 2007;

“trust” means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person; and

“trustee” means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person;

"written" or **"in writing"** means handwritten in ink or any form of mechanical writing.

CHAPTER 5

THRESHOLD VALUES FOR ACQUISITIONS, APPROVAL AUTHORITIES AND EXEMPTIONS FROM BIDDING REQUIREMENTS

Prohibition on the splitting of acquisitions

- 5.1 Nobody may, in order to avoid compliance with any prescript of paragraphs 3.14, 3.19 or 3.42 split the procurement of any goods, services or the execution of work into lesser items or parts or enter into more than one contract.

Approval authorities

- 5.2 The following approval authority apply for acquisitions in respect of quotations obtained in terms of paragraphs 3.14 and 3.19 for the provision of goods, services (excluding the services of professional service providers) and the execution of work:

Amount (VAT inclusive)	Delegated body
Acquisitions to a maximum of R 100,000	Strategic Managers
Acquisitions to a maximum of R 200,000	Municipal Manager

- 5.3 The following approval authority applies for acquisitions in respect of bids obtained in terms of paragraph 3.42 for the provision of goods, services (excluding the services of professional service providers) and the execution of work:

Amount (VAT inclusive)	Delegated body
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Acquisitions to a maximum value of R 1,5 million	Bid adjudication committee
Acquisitions above R1,5 million	Municipal Manager

5.4 The following approval authority applies in respect the appointment of professional service providers in accordance with the prescribed process:

Amount (VAT inclusive)	Delegated body
Appointments up to R 200,000	Strategic Managers
Appointments exceeding R 200,000 up to R 1,000,000	Bid adjudication committee
Appointments exceeding R 1,000,000	Municipal Manager

5.5 The following approval authorities apply for disposal of capital assets in respect of bids obtained in accordance with the prescribed process (all amounts include VAT):

Subject matter of disposal	Delegated body
Disposal of all immovable capital assets, except residential land intended for development in terms of a national or provincial housing programme to supply the housing needs of a specific section of the community	Council
Disposal of movable capital assets with an estimated market value above R1 million	Council
Disposal of movable capital assets with an estimated market value below R1 million	Municipal Manager

Exemptions/ Deviations from acquisition/procurement requirements

- 5.6 The Municipal Manager may dispense with the prescribed processes and authorise the acquisition of any goods or services through any convenient process -
- (a) in the event of an emergency;
 - (b) if the required goods or services are available from a single supplier only;
 - (c) in any exceptional case where it is impractical to follow the prescribed procedure;
 - (d) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (e) acquisition of animals for zoos; or
 - (f) if the Municipality contracts with another organ of state for the provision of goods or services to the Municipality, or the provision of a municipal service or assistance with the provision of a municipal service or the procurement of goods and services under a contract secured by another organ of state, provided that the supplier concerned consented in writing to such procurement.
- 5.7 In seeking the approval of the Municipal Manager in terms of paragraph 5.6, the supply management unit shall submit a written report to the Municipal Manager detailing the reasons why the Municipal Manager should authorise a departure from the prescribed requirements. A report in terms of this paragraph shall contain such information as the Municipal Manager may specify.
- 5.8 The Municipal Manager shall record her/his decision with regard to an application in terms of paragraph 5.7 in writing and shall, if she/he grants that application, stipulate the alternative procurement process to be followed.
- 5.9 The decision of the Municipal Manager in terms of paragraph 5.8 shall be final.
- 5.10 The Municipal Manager shall record the reasons for any exemption granted in terms of paragraph 5.8 and report them to the next meeting of the Council and include as a note to the annual financial statements.

- 5.11 Whenever the Municipality procures goods or services in terms of paragraph 5.6(f) the Municipal Manager shall ensure that details of such transaction, including a description of the kind of goods and services procured and the name of the supplier is published in a newspaper of record within seven working days after the relevant contract has been concluded.

CHAPTER 8

PREFERENCES

Preferences for acquisitions

8.1 Offers for the acquisition of goods and services shall be adjudicated on the following criteria:

- (a) The following formula must be used to calculate the points for price in respect of Tenders (including price quotations) with a Rand value equal to, or above R30, 000 and up to a Rand value of R 1, 000, 000 (all applicable taxes included):
- (b) Organ of state may apply the formula in paragraph (i) for price quotation with a value less than R30, 000, if and when appropriate:
- (c) Contracts for the supply of goods and the execution of work with a Rand value between R 30, 000 up to R 500, 000 shall be adjudicated on an 80/20 basis, as follows –

- (i) Points awarded for price and functionality:

$$P_s = 80(1 - \frac{P_t - P_{\min}}{P_t})$$

P min

Where

P_s = Points scored for price of the tender under consideration

P_t = Rand value of the tender under consideration

P min = Rand value of lowest acceptable tender

- (ii) Subject to sub-regulation (3), points must be awarded to a tenderer for attaining the B-BBEE status level of contributor in accordance with the table below.

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18

3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

- (iii) A maximum of 20 points may be allocated in accordance with sub-regulation (2).
- (iv) The points scored by a tenderer in respect of B-BBEE contribution contemplated in sub-section (2) must be added to the points scored for the price as calculated in accordance with sub-regulation (1).
- (v) Subject to regulation 7, the contract must be awarded to the tenderer who scores the highest total number of points.
- (vi) Points awarded for HDI equity ownership and management, subcontracting with an HDI and achieving specified goals:

Preference	Targeted goal	Preference points
HDI ownership	100% of equity	12
Located in the Free State	100% of equity	8

- (d) **The 90/10 preference point system for acquisition of services, works or goods with a Rand value above R1 million**
- (b) **Contracts for the supply of goods and the execution of work with a Rand value exceeding R 500 000, will be adjudicated on an 90/10 basis, as follows –**
- (i) Points awarded for price and functionality

$$P_s = 90(1 - \frac{P_t - P_{\min}}{P_t})$$

P min

Where

P_s = Points scored for price of tender under consideration

P_t = Rand value of the tender under consideration

P min = Rand value of lowest acceptable tender

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1

Non-compliant contributor	0
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- (vii) A maximum of 10 points may be allocated in accordance with sub-regulation (2).
- (viii) The points scored by a tenderer in respect of B-BBEE contribution contemplated in sub-section (2) must be added to the points scored for the price as calculated in accordance with sub-regulation (1). Subject to regulation 7, the contract must be awarded to the tenderer who scores the highest total number of points.
- (ix) Points awarded for HDI equity ownership and management, subcontracting with an HDI and achieving specified goals –

Preference	Targeted goal	Preference points
HDI ownership	100% of equity	6
Located in the Free State	100% of equity	4

8.2 The points scored by a bidder in terms of paragraph 8(a)(i) must be added to the points scored in terms of paragraph 8(a)(ii). The points scored in terms of paragraph 8(b)(i) must be added to the points scored in terms of paragraph 8(b)(ii).

8.3 A contract may be awarded to a tenderer that did not score the highest total number of points, only in accordance with section 2 (1) (f) of the PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000.

Unless there are reasonable and justifiable reasons, which reasons must be fully set out in the minutes of the meeting concerned, only the offer with the highest number of points scored may be selected.

- 8.4 No preference points shall be awarded for equity ownership if the bidder is a public company.

Formula to calculate the number of points for equity ownership by an HDI

- 8.5 The following formula shall be applied to calculate the percentage equity ownership by an HDI who is actively involved in the management of the quoting or bidding enterprise and who exercises control over the enterprise commensurate with her/his degree of ownership:

$$\text{NEP} = \text{NOP} \times \frac{\text{EP}}{100}$$

Where

NEP = points awarded for equity ownership by an HDI

NOP = the maximum number of points awarded for equity ownership by an HDI

EP = the percentage of equity ownership by an HDI within the tendering enterprise

Cancellation of specific bids

- 8.6 A bid must be cancelled when –

- (a) **In the event that, in the application of the 80/20 preference point system as stipulated in the tender documents, all tenders received exceed the estimated Rand value of R1 million the tender must be cancelled.**
- (b) **If one or more of the acceptable tenders received are within the prescribed threshold of R 1 million, all tenders received must be evaluated on the 80/20 preference point system.**
- (c) **in the application of the 80/20 preference point system all bids received exceed the estimated Rand value of R 500,000; and**
- (d) **In the event that, in the application of the 90/10 preference point system**

as stipulated in the tender document, all tenders received are equal to or below R1 million, the tender must be cancelled.

- (e) If one or more of the acceptable tenders received are above the prescribed threshold of R1 million, all tenders received must be evaluated on the 90/10 preference point system.
- (f) in the application of the 90/10 preference point system all bids received are equal to, or below, R 500,000.
- (g) An organ of state may, prior to the award of a tender, cancel a tender if-
 - (i) due to changed circumstances, there is no longer a need for the services, works or goods requested; or
 - (ii) funds are no longer available to cover the total envisaged expenditure; or
 - (iii) no acceptable tenders are received.
- (h) The decision to cancel a tender in terms of sub-regulation (4) must be published in the Government Tender Bulletin or the media in which the original tender invitation was advertised

8.7 After cancellation of a bid in terms of paragraph 8.6, the Municipality must re-invite bids stipulating the correct preference point system to be applied.

Preference point system for disposals

8.8 The following formula must be used to calculate the points for price in respect of competitive bids for disposals –

(a) Equal to or above R30, 000 up to a value of R1 million:

(b) equal to or above R 30 000 up to a value of R 500, 000:

$$P_s = 80(1 + \frac{P_t - P_h}{P_h})$$

P_h

Where –

P_s = Points scored for comparative price of bid / offer under consideration

Pt = Comparative price of bid / offer under consideration

Ph = Comparative price of highest acceptable bid / offer

(c) with a value above R1 million:

(d) with a value above R 500,000:

$$P_s = 90(1 + \frac{P_t - P_h}{P_h})$$

Ph

Where –

Ps = Points scored for comparative price of bid / offer under consideration

Pt = Comparative price of bid / offer under consideration

Ph = Comparative price of highest acceptable bid / offer

8.11 Only the bid with the highest number of points scored may be selected.

Principles

8.12 In the event that the percentage HDI ownership of any bidder changes after the closing date of a quotation or bid, the bidder must notify the Municipality of the changes. The bidder will, if the percentage HDI ownership increases, not be eligible for any additional preference points. However, should the percentage HDI ownership decrease the preference points for equity ownership shall be reduced accordingly.

8.13 Equity claims for a trust may only be allowed in respect of those persons who are both trustees and beneficiaries and who are actively involved in the management of the trust.

8.14 A consortium or joint venture shall be entitled to preference claims, based on the percentage of profit allocated to black-owned and black-empowered enterprises in the consortium or joint venture for the particular contract.

- 8.15 A person awarded a contract as a result of preference for HDI equity may not subcontract more than 25% of the value of the contract to a person who does not qualify for such preference.

Declarations

- 8.16 A bidder must, in the stipulated manner, declare that –
- (a) the information regarding any claim from preference points provided is true and correct;
 - (b) the signatory to the bid document is duly authorised; and
 - (c) documentary proof regarding any bidding issue will, when required, be submitted to the satisfaction of the Municipality.

Penalties

- 8.17 Where a contract has been awarded on the strength of preference information furnished by the contractor which, after the conclusion of the relevant contract, is proved to have been incorrect, the Municipality may, in addition to any other legal remedy it may have -
- (a) recover from the contractor all costs, losses or damages incurred or sustained by the Municipality as a result of the award of the contract; and/or
 - (b) cancel the contract and claim damages which the Municipality may suffer as a result of having to make less favourable arrangements; and/or
 - (c) impose on the contractor a penalty not exceeding five per cent of the value of the contract.

- 8.18 **Local production and content, B-BBEE status level certificates, conditions, declarations, remedies, tax clearance, repeal of regulations and short title and commencement:**

Local production and Content**8.18**

- (i) An organ of the state must, in the case of designated sectors, where in the award of tenders local production and content is of critical importance, advertise such tenders with a specific tendering condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- (ii) The National Treasury will issue instructions, circulations and guidelines to all organs of state, with specific reporting mechanisms to ensure compliance with sub-regulation (1).
- (iii) Where there is no designated sector, an organ of state may include, a specific tendering condition, that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.
- (iv) Every tender issued in terms of regulation 9 must be measurable and audited.
- (v) Where necessary, for tenders referred to in sub-regulations (1) and (3), a two-stage tendering process may be followed, where the first stage involves functionality and minimum threshold for local production and content and the second stage price and B-BBEE with the possibility of price negotiations only with the short listed tenderer/s.

Broad-Based Black Economic Empowerment Status Level Certificates

8.19

- (i) Tenderers with annual total revenue of R5 million or less qualify as Exempted Micro Enterprises (EME's) in terms of the Broad Based Black Economic Empowerment Act, and must submit certificates issued by a registered auditor, accounting officer (as contemplated in section 60(4) of Corporation Act, 1984 (Act No. 69 of 1984) or an accredited verification agency.
- (ii) Tenderers other than Exempted Micro-Enterprises (EMEs) must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating.
- (iii) The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.
- (iv) The B-BBEE status level attained by the tenderer must be used to determine the number of points contemplated in regulations (5) and 6(2).

Conditions**8.20**

- (i) Only tenderer who has completed and signed the declaration part of the tender documentation may be considered.
- (ii) An organ of the state must, when calculation comparative prices, take into account discounts which have been offered unconditionally.
- (iii) A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected.
- (iv) Points scored must be rounded to the nearest decimal places.
- (v) (a) In the event that two or more tenders have scored equal points, the successful must be the one scoring the highest number of preference points for B-BBEE.

- (b) However, when functionality is part of the evaluation process and two or more tenders have scored equal points including equal preference points for B- BBEE, the successful tender must be the one scoring the highest score for functionality.
- (c) Should two or more tenders be equal in all respects, the award shall be decided by the drawing of lots.
- (vi) A trust, consortium or joint venture will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits the B-BBEE status level certificate.
- (vii) A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such consolidated B-BBEE scorecard is prepared for every separate tender.
- (viii) A person must not be awarded points for B-BBEE status level if it is indicated in the tender documents that such a tenderer intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a tenderer qualifies for, unless the intended sub-contractor is an exempted micro enterprise that has the capability and ability to execute the sub-contract.
- (ix) A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an exempted micro enterprise that has the capability and ability to execute the sub-contract.
- (x) A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- (xi) When an organ of the state is in need of a service provided by only tertiary institutions, such services must be procured through a tendering process from the identified tertiary institutions.

- (xii) Tertiary institutions referred to in sub-regulation (11) will be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.
- (xiii) (a) Should a organ of the state require a service that can be provided by one or more tertiary institutions or public entities and enterprises from the private sector, the appointment of a contractor must be done by means of a tendering process.
(b) Public entities will be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.

Declarations

8.21 A tender must, in the manner stipulated in the tender document, declare that-

- (i) the information provided is true and correct;
- (ii) the signatory to the tender documents is duly authorised; and
- (iii) documentary proof regarding any tendering issue will, when required, be submitted to the satisfaction of the relevant organ of state.

Remedies

8.22 (1) An organ of state must, upon detecting that-

- (i) the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis; or
- (ii) any of the conditions of the contract have not been fulfilled, act against the tenderer or person awarded the contract.

(2) An organ of state may, in addition to any other remedy it may have against the person contemplated in sub-regulations (1)-

- (i) disqualify the person from the tendering process;
- (ii) recover all costs, losses or damages it has suffered as a result of that person's conduct;

- (iii) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
- (iv) restrict the tenderer or contactor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after the audi alteram partem (hear the other side) rule has been applied; and
- (v) forward the matter for criminal prosecution.

Tax clearance

- 8.23 No tender may be awarded to any person whose tax matters have not been declared by the South African Revenue Service to be in order.

Repeal of Regulations

- 8.24 The Preferential Procurement Regulations, 2011, as published in *Government Gazette* No. R 725 of 10 August 2011, are hereby repealed as from 07 December 2011.

Short title and commencement

- 8.25 These Regulations are called the Preferential Procurement Regulations, 2011 and shall come in to effect on 07 December 2011.

CHAPTER 12

PREPARATION OF QUOTATION AND BID REPORTS

Commencement with evaluation

- 12.1 The supply chain management unit shall, as soon as reasonably possible after the offers have been opened, prepare the bid report.
- 12.2 The manager financial services may –
- (a) instruct an official in her/his department to prepare the bid report; or
 - (b) if the offer involves the execution of work or the supply of goods the specifications and other bid documents of which have been prepared by an external service provider appointed by the Municipality, instruct such service provider to prepare the bid report.

Sorting of offers

- 12.3 The person preparing the bid report (hereinafter called the evaluator) shall separate the offers according to those complying in all respects with the relevant specifications, if any, and those that do not.
- 12.4 Thereafter the offers complying with the specifications shall be further sorted according to those offers the maximum price of which is within the amount appropriated in the approved budget and those that are not, and thereafter the offers not complying with the specifications shall be similarly sorted.
- 12.5 Once the offers have been sorted in terms of paragraph 12.4, the evaluator must further sort them according to –
- (a) whether or not the bidder claimed any preferences in terms of this policy and code; and
 - (b) whether or not the bid documentation has been signed in ink by a person who has been authorised to do so.

Evaluation procedure

- 12.6 As soon as the offers have been sorted in terms of paragraphs 12.3 to 12.5, inclusive, the evaluator shall, starting with those offers that in all material respects comply with the specifications, if any, determined in the bid documents and that offer prices that are within the amount provided for in the appropriate budget for the expense to be incurred, bring the offers to the comparative price

level by deducting valid claims for preferences and adding delivery and other incidental cost and bringing implied contract price adjustments into account.

- 12.7 Thereafter, offers that are within the provision made for the expense in the appropriate budget that offers the goods, work or services departing from the prescribed specifications, if any, shall be evaluated by determining whether the specifications offered shall be adequate in terms of the quality standards expected by the Municipality and such other reasonable and relevant criteria, including availability of spare parts, durability and aesthetic appearance.
- 12.8 As soon as the quotations or bids referred to in paragraph 12.7 has been evaluated, the evaluator shall repeat the processes in paragraphs 12.6 and 12.7, respectively, in relation to those offers that offer prices that are more than the amounts provided for in the appropriate budget.

Evaluation of tenders on functionality

- 12.9 An organ of state must indicate in the invitation to submit tender if that tender will be evaluated on functionality.
- 12.10 The evaluation criteria for measuring functionality must be objective.
- 12.11 When evaluating tenders on functionality, the-
- (a) evaluation criteria for measuring functionality;
 - (b) weight of criteria;
 - (c) applicable values; and
 - (d) minimum qualifying score of functionality.
- must be clearly specified in the invitation to submit a tender
- 12.12 No tender must be regarded as an acceptable tender if it fails to achieve the minimum qualifying score for functionality as indicated in the tender invitation.
- 12.13 Tenders that have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point system prescribed in Chapter 8.

Determination of HDI equity ownership

12.14 Equity ownership in any enterprise which submitted an offer and which claims preference points based on HDI ownership, shall be equated to the percentage of the enterprise concerned which is owned by HDIs, or in the case of close corporations and private companies, the percentage of shares or interest, as the case may be, that are owned by HDIs who are actively involved in the daily management and operation of the enterprise and who exercises control over the enterprise commensurate with their degree of ownership. If any HDI in respect of whom preference points are claimed is not actively involved in the daily management and operation of the enterprise and does not exercise control over the enterprise commensurate with their degree of ownership, the bid evaluation committee may adjust the preference points awarded by the evaluator.

Format of the bid report

12.15 The bid report shall state –

- (a) The purpose of the report;
- (b) The purpose of the quotation or bid;
- (c) Whether the invitation to quote or to bid was published or extended only to preferred suppliers;

- (d) The amount of money provided for in the budget for the expense to be incurred, as well as the number of the relevant budget vote which will be debited with payments resulting from the offer;
- (e) A list of offers that are considered to be invalid in terms of the code and policy and the reason for their invalidity;
- (f) The criteria that were used to determine the appropriateness of offers offering alternative specifications than those prescribed;
- (g) A list, in the form of a separate schedule, of the valid offers that must be considered, separating bids according to the criteria determined in paragraphs 12.6 to 12.8, inclusive;

- (h) If the acceptance of the offer will result in over expenditure of the relevant budget vote, recommendations regarding financing of any excess or accepting only part of the offer;
- (i) Any incident of a bidder making a misleading or false claim or supplying false or misleading representations in her/his offer, including any incident relating to the overstatement of an HDI's degree of managerial and operational involvement in an enterprise or the level of control she/he exercises over the enterprise; and
- (j) The recommendation of the evaluator, briefly stating the reasons for the recommendation and the reason why any of the other eligible offers should not be accepted.

Circulation of the bid report prior to submission

12.16 The departmental head concerned shall, as soon as she/he completed and signed the bid report, or received the draft bid report from the external service-provider contemplated in paragraph 12.2(b) and signed it, transmit the bid report to the Chief Financial Officer.

12.17 The Chief Financial Officer shall as soon as is reasonably possible after she/he

12.18 Received a bid report, study the report and comment on it with specific reference to –

- (a) its financial implications;
- (b) the correctness of the calculation of any preferences claimed;
- (c) whether sufficient funds have been provided for in the budget to cover the expense; and
- (d) any brokerage or discount allowed to the Municipality.

12.19 The Chief Financial Officer shall, after she/he has considered the bid report, submit the report, together with her/his comment and recommendation, to the bid evaluation committee, provided that if the amount of the offer exceeds the

amount provided for in the appropriate vote of the relevant budget and the departmental head concerned recommends that the over expenditure be incurred, the bid report containing the comment of the Chief Financial Officer shall first be submitted to the Executive Mayor.

Powers of the Executive Mayor in relation to bid reports

12.20 The Executive Mayor may consider only the recommendation of the departmental head and the Chief Financial Officer relating to the approval of any over expenditure, provided that the departmental head concerned has indicated from which other budget vote or votes savings may be utilised to defray such excess.

Duties and powers of the evaluator

12.21 The evaluator shall, during the preparation of the bid report –

- (a) make every reasonable effort to establish and verify the legitimacy and accuracy of any bidder's claim for preferences, if that bidder's particulars are not available in the Register;
- (b) make every reasonable effort to determine any bidder's capacity to supply the goods, render the services or execute the work required;
- (c) perform the evaluation in terms of this code and such best practices as may be known and acceptable; and
- (d) supply the bid evaluation committee with the information required to make a decision regarding the offers.

12.22 The evaluator may not –

- (a) disclose to any person, whether orally or in writing, other than her/his departmental head (if she/he is not the departmental head) and the Municipal Manager her/his recommendations regarding any offer prior to

or after the bid evaluation committee has made its decision, unless ordered to do so in terms of written instruction of the Municipal Manager or a competent court or in defence of any of her/his rights; and

- (b) evaluate any offer in which she/he or a close family member, partner or business associate may have a personal or financial interest, unless she/he declares such an interest to her/his departmental head and the departmental head decides that her/his interest is remote and trivial.

2.4.2 Funding and Reserve Policy

This policy is mandated by Section 8 of the Local Government: Municipal Budget and Reporting Regulations which are made in terms of section 168 of the Municipal Finance Management Act, 2003, (Act No. 56 of 2003).

The funding and reserves policy is aimed to ensure that the municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.

This policy aims to set guidelines towards ensuring financial viability over both the short- and long-term which includes reserves requirements.

FUNDING AND RESERVES POLICY

LEGISLATIVE CONTEXT

This policy is mandated by Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is made in terms of section 168 of the Municipal Finance Management Act, 2003, (Act No. 56 of 2003).

LEJWELEPUTSWA DISTRICT MUNICIPALITY

1. INTRODUCTION

The funding and reserves policy is aimed to ensure that the municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.

This policy aims to set guidelines towards ensuring financial viability over both the short-and long-term which includes reserves requirements.

2. OBJECTIVES OF POLICY

The objectives of the policy are to:

- 2.1 Ensure that the Medium Term Expenditure Framework (annual budget) of the municipality is appropriately funded.
- 2.2 Ensure that cash resources and reserves are maintained at the required levels to avoid future year unfunded liabilities.
- 2.3 To achieve financial sustainability with acceptable levels of service delivery to the community.

3. LEGISLATIVE REQUIREMENTS

The legislative framework governing borrowings are:

- 3.1 Local Government Municipal Finance Management Act, Act 56 of 2003; and
- 3.2 Local Government Municipal Budget and Reporting Regulation, Regulation 393, published under Government Gazette 32141, 17 April 2009.

4. FUNDING OF ANNUAL BUDGET

- 4.1 An annual budget may only be funded from:
 - (a) cash backed accumulated funds from previous years surpluses and reserves not committed for any other purpose; and/or
 - (b) borrowed funds but only for capital expenditure.
- 4.2 Realistic anticipated revenue projections must take into account:
 - (a) projected revenue for the current year based on collection levels to date.
 - (b) actual revenue collected in previous financial years.
- 4.3 Capital expediting may only incur on a capital project if:
 - (a) the funding for the project has been appropriated in the capital budget.
 - (b) the total cost for the project has been approved by Council.
 - (c) the future budgetary implications and projected cost covering all financial years until the project is operational has been considered.
 - (d) the sources of funding are available and have not been committed for other purposes.

5. CASH MANAGEMENT

- 5.1 The availability of cash is one of the most important requirements for financial sustainability and must be closely monitored to ensure minimum days cash on hand of forty five (45) days for its daily operations.
- 5.2 Surplus cash not immediately required for operational purposes is invested in terms of the municipality's investment policy to maximize the return on cash.

6. DEBT MANAGEMENT

- 6.1 Debt is managed and written off in terms of the municipal credit control and debt collection policy.

7. OPERATING BUDGET

- 7.1 The operating budget provides funding to departments for their medium term expenditure as planned.
- 7.2 The operating budget is funded from the following main sources of revenue:
 - (a) government grants and subsidies.
 - (b) other revenue and interest received etc.
 - (c) cash backed accumulated surpluses from previous years not committed for any other purposes.
- 7.3 The following guiding principles apply when compiling the operating budget:
 - (a) The annual budget must be balanced.
 - (b) Growth parameters must be realistic taking into account the current economic conditions.
 - (c) Revenue from government grants and subsidies must be in line with allocations gazette in the Division of Revenue Act and provincial gazettes.
 - (d) Revenue from public contributions, donations or any other grants may only be included in the budget if there are acceptable documentation that guarantees the funds such as:
 - (i) signed service level agreement;
 - (ii) contract or written confirmation; or
 - (iii) any other legally binding document.
 - (e) Provision for revenue that will not be collected is made against the expenditure item bad debt.
 - (f) Interest received from actual long-term and or short-term investments are based on the amount reasonably expected to be earned on cash amounts available during the year according to the expected interest rate trends.
 - (g) Transfers from the accumulated surplus to fund operating expenditure will only be allowed for specific once-off projects and with no recurring operating expenditure resulting thereof.

- (h) Transfers from the accumulated surplus to offset the increased depreciation charges as a result of the implementation of GRAP 17.
- (i) A detailed salary budget is compiled on an annual basis. All funded positions are budgeted for in total. As a guiding principle the salary budget should ideally not constitute more than 35% of annual operating expenditure.
- (j) Depreciation charges are fully budgeted for according to the asset register and to limit the impact of the implementation of GRAP 17 a transfer from the accumulated surplus is made. However the annual cash flow requirement for the repayment of borrowings must fully be taken into consideration.
- (k) To ensure the health of municipal assets, sufficient provision must be made for the maintenance of existing and infrastructure assets based on affordable levels, resulting that maintenance budgets are normally lower than the recommended levels. Therefore the mere reduction of maintenance budgets to balance annual budgets must carefully be considered. As a guiding principle repair and maintenance should constitute between 1 and 2%.
- (l) Individual expenditure line items are to be revised each year when compiling the budget to ensure proper control over expenditure. Increases for these line items must be linked to the average inflation rate and macro-economic indicators unless a signed agreement or contract stipulates otherwise.

7 CAPITAL BUDGET

- 8.1 The capital budget provides funding for the municipality's capital programme.
- 8.2 Provisions on the capital budget will be limited to availability of sources of funding and affordability. The main sources of funding for capital expenditure are:
 - (a) accumulated cash back internal reserves;
 - (b) borrowings;
 - (c) government grants and subsidies.
- 8.3 All capital projects have an effect on future operating budget therefore the following cost factors should be considered before approval:
 - (a) additional personnel cost to staff new facilities once operational;
 - (b) additional contracted services, that is, security, cleaning etc.
 - (c) additional general expenditure, that is, services cost, stationery, telephones, material etc.
 - (d) additional other capital requirements to the operate facility, that is, vehicles, plant and equipment, furniture and office equipment etc.
 - (e) additional costs to maintain the assets;
 - (f) additional interest and redemption in the case of borrowings;
 - (g) additional depreciation charges;

- (h) additional revenue generation. The impact of expenditure items must be offset by additional revenue generated to determine the real impact on tariffs.

8 RESERVES

- 9.1 All reserves are “*ring fenced*” as internal reserves within the accumulated surplus, except for provisions as allowed by the General Recognized Accounting Practices (GRAP).

Capital replacement reserve

Funding for capital budgets of future financial years are generated through a combination of methods.

This reserve once fully established will enable the municipality to provide internal funding for its capital replacement and renewal programme.

This reserve must be cash backed to ensure the availability of cash to fund the municipal capital programme.

9 PROVISIONS

A provision is recognised when the municipality has a present obligation as a result of a past event and it is probable, more likely than not, that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are revised annually and those estimates to be settled within the next twelve (12) months are treated as current liabilities.

The municipality has the following provisions:

- (a) *Leave provision*
Liabilities for annual leave are recognised as they accrue to employees. An annual provision is made from the operating budget to the leave provision. Due to the fact that not all leave balances are redeemed for cash, only 80% of the leave provision is cash backed.
- (b) *Long services awards*
Municipal employees are awarded leave days according to years in service at year end. Due to the fact that not all long service leave balances are redeemed for cash, only 80% of the long service leave provision is cash backed.
- (c) *Post employment medical care benefits*
The municipality provides post retirement medical care benefits by subsidizing the medical aid contributions to retired employees and their legitimate spouses. The entitlement to post retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over a period of employment.

- This provision must be cash backed to ensure the availability of cash for the payment of medical aid payments.
- d) Provision for bad debt
The provision for outstanding debt that is not collectable is budgeted as an expense and must be cash backed.

10 REVIEW

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and regulation.

11 SHORT TITLE

This policy shall be called the Funds and Reserves Policy of the Lejweleputswa District Municipality.

2.4.3 Capital Replacement Reserve (CRR)

The purpose of the CRR is to set aside funds for the financing of property, plant and equipment. The CRR is therefore an asset financing source that represents an alternative to the other funding sources available to municipalities, namely external loans (interest bearing borrowings) and government grants and subsidies.

POLICY FOR THE CAPITAL REPLACEMENT RESERVE (C.R.R.)

The following is the policy for the Capital Replacement Reserve (CRR) for Lejweleputswa District Municipality.

1. Purpose of the CRR

It is the policy of Lejweleputswa District Municipality to establish a Capital Replacement Reserve. The purpose of the CRR is to set aside funds for the financing of property, plant and equipment. The CRR is therefore an asset financing source that represents an alternative to the other funding sources available to municipalities, namely external loans (interest bearing borrowings) and government grants and subsidies.

2. Contributions to the CRR

It is the policy of Council to annually make contributions to the CRR to ensure that the CRR remains a capital funding source of the future. The Municipality will determine its future capital financing requirements and endeavour transfer sufficient cash to its CRR in terms of this determination.

The Council will annually, on 1 July transfer 80% of the budgeted amount for depreciation of the previous financial year from the accumulated surplus to the C.R.R. Every year, with the closure of the financial records, the Chief Financial Officer can decide on an increased contribution to the CRR if sufficient cash surpluses were generated through savings on expenditure or additional income sources during the year. The actual final contribution compared to the budgeted amount, must annually be reported to Council.

(3) Accounting Requirements

The balance on the CRR must always be represented by cash.

The CRR may only be utilised for purpose of financing of items of property, plant and equipment as specified in GRAP 17 for the Municipality and may not be used for the maintenance of any assets or any other purpose.

1.4.4 Virement Policy

The Virement policy is mandated as indicated below and the objective is to allow a flexible mechanism to affect budgetary amendments within a Municipal financial year, and represents the major mechanism to align and take corrective (financial / budgetary) action within a Directorate during a financial year.

LEJWELEPUTSWA DISTRICT MUNICIPALITY

The virement policy is mandated by the MFMA Circular No 51 dated 19February 2010.

VIREMENT POLICY

1. PURPOSE

- 1.1 The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control.

- 1.2 Section 81(1)(d) of the MFMA states inter alia “that The Chief Financial Officer of the Municipality must advise senior Managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79”.
- 1.3 It is the responsibility of each Executive Director of each Directorate to which funds are allocated, to plan and conduct assigned operations so as not to spend more funds than budgeted for and to ensure that funds are utilized effectively and efficiently.
- 1.4 Section 78 (1) of the MFMA states inter alia that “Each Senior Manager of a Municipality and each official of a Municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that in terms of Section 78(1) (b) the financial and other resources of the Municipality are utilized effectively, efficiently, economically and transparently”
- 1.5 No expenditure may be incurred unless provision therefore has been made in the operating and capital budgets. Refer to section 15 of the M.F.M.A. in this regard.

2. DEFINITIONS (CHAPTER 1 OF M.F.M.A.)

2.1 Accounting Officer

- 2.1.1 “(a) in relation to a municipality, means the Municipal official referred to in section 60“

2.2 Adjustment Budget

Means a budget

- (a) As described in Section 28 of the M.F.M.A. and
- (b) In terms of Part 4 of the Municipal Budget and Reporting Regulations.

2.3 Approved Budget

“Means an annual budget –

- 2.3.1 (a) approved by a Municipal Council; or
- 2.3.2 (b) approved by a Provincial or the National Executive following an intervention in terms of section 139 of the constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28 and of the Municipal Budget and Reporting Regulations.”

2.4 Chief Financial Officer

- 2.4.1 “means a person designated in terms of section 80(2) (a)”.

2.5 Executive Directors

2.5.1 Section 56 of the Systems Act states inter alia that: “Appointment of managers directly accountable to Municipal Managers –

- (a) a Municipal Council, after consultation with the municipal manager, appoints a manager directly accountable to the Municipal Manager.”

2.6 Financial year

2.6.1 Means a year ending on 30 June.

2.7 M.F.M.A Vote

- 2.7.1 “(a) one of the main segments into which a budget of a Municipality is divided for the appropriation of money for the different departments or functional areas of the Municipality; and
- (b) Which specifies the total amount that is appropriated for the purpose of the department or functional area concerned.”

2.7.2 The definition of “VOTE” for Lejweleputswa District Municipality is set at the Directorate level.

2.8 Virement

2.8.1 The process of transferring an approved budgetary provision from one operating cost element or capital project to another during a municipal financial year and which results from changed circumstances from that which prevailed at the time of the previous budget adoption.

3. REGULATION ON BUDGET VERSUS EXPENDITURE – M.F.M.A

3.1 The M.F.M.A. regulates as follows regarding the incurring of expenditure against budgetary provisions.

3.1.1 Section 15 – Appropriation of funds for expenditure

“A Municipality, may except where otherwise provided in the Act, incur expenditure only–

- (a) In terms of an approved budget, and
- (b) Within the limits of the amounts appropriated for the different votes in the approved budget.”

3.1.2 Unauthorised Expenditure (M.F.M.A. Definition)

“in relation to a Municipality, means any expenditure incurred by a Municipality otherwise than in accordance with section 15 or 11 (3),

and includes –

- (a) Overspending of the total amount appropriated in the Municipality's approved budget;

- (b) Overspending of the total amount appropriated for a vote in the approved budget;
- (c) Expenditure from a Vote unrelated to the department or functional area covered by the vote;
- (d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose.
- (e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or
- (f) A grant by the Municipality otherwise than in accordance with this act.”

3.1.3 Overspending (M.F.M.A. Definition)

- (a) “in relation to the budget of a Municipality, means causing the operational or Capital expenditure incurred by the Municipality during a financial year to exceed the total amount appropriated in that year’s budget for its operational or capital expenditure, as the case may be;
- (b) In relation to a Vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) In relation to expenditure under section 26, means causing expenditure under that section to exceed the limits in subsection (5) of that section.”

3.1.4 Section 71 (1) (g) (iii) states inter alia (i) “ The accounting officer of a `` municipality must by no later than 10 working days after the end of each month submit to the Mayor of the Municipality and the relevant provincial treasury a statement in the prescribed format on the state of the Municipality’s budget reflected the following particulars for that month and for the financial year up to the end of that month – (g) when necessary, an explanation of – (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the Municipality’s approved budget”.

4. VIREMENT REQUIREMENTS

- 4.1 A virement represents a flexible mechanism to affect budgetary amendments within a Municipal financial year, and represents the major mechanism to align and take corrective (financial / budgetary) action within a Directorate during a financial year.
- 4.2 To transfer funds from one vote or capital project to another vote or capital project, a saving has to be identified within the monetary limitations of the approved vote or capital project allocations on the respective budgets.
- 4.3 Any budgetary amendments of which the net impact will result in exceeding the approved annual budget allocation for a vote and any other

amendments not covered in this policy are to be considered for budgetary adoption via an adjustments budget (per M.F.M.A. section 28)

- 4.4 In terms of Section 17 of the M.F.M.A. a municipality's budget is divided into an operating and capital budget and consequently no virements are permitted between Operating and Capital Budgets.

5. DELEGATIONS

- a. Subject to the further stipulations and conditions in this policy, the authority is delegated to every Director to vire not more than 15% per annum to and from the same votes, sub-votes, projects, et cetera of the budget.
- b. Virements between votes would require a Council resolution which is confirmed through the Adjustment Budget.

6. OPERATING BUDGET

- 6.1 Virements are not allowed to utilise any special purpose operating budgetary allocations approved by Council and which is specifically mentioned and highlighted as such during the approval of the budget.
- 6.2 Only Council may consider the virements of these funds mentioned in 6.1 above and only after full motivations were provided for these virements.

6.3 Salaries, Wages and Allowances

- 6.3.1 Virements to and from Salaries, wages and allowances are not permitted unless approved by Council.
- 6.3.2 Any savings identified for the filling of approved vacant posts not budgeted for can only be vired with a Council's Resolution in which the future year's financial impact had also been considered.

6.4 Other Expenditure

- 6.4.1 Virements to and from the following items are not allowed: Debt Impairment, Interest Charges; Depreciation, Grants in Aid, Insurance and other non cashed items as determined by the Chief Financial Officer.
- 6.4.2 Virements in respect of expenditure votes financed from grants or any other external source of finance must be approved by Council.

6.5 Revenue

- 6.5.1 No virements are permitted in relation to the Revenue side of the Budget.

6.5.2 Revenue amendments are to be adopted via an adjustments Budget.

6.6 Confirmation

The virements of any savings amount is subject to the confirmation of the Budget & Treasury Manager.

7. CAPITAL BUDGET

- 7.1 Virements with the result in adding 'new' projects to the Capital Budget will not be allowed unless approved by council.
- 7.2 Virements in respect of savings on capital projects will only be permitted if allocated to projects approved as part of the annual or adjustment budgets or the 3 year capital program of the Council.
- 7.3 Budgeted amounts in respect of approved capital projects which are, due to changed circumstances, not executed, can only be vired by Council.
- 7.4 The only exemption to 7.1 and 7.2 above is where furniture and/or equipment (to a maximum value of R30 000) which does not appear on the Capital Budget can be purchased. This authority is delegated to the Municipal Manager and Directors.
- 7.5 Virements of Conditional Grant funds to purposes outside of that specified in the relevant Conditional Grant framework is not permitted.
- 7.6 Virements of Capital Projects can only be approved between projects of similar funding sources.

8. PROCESS AND ACCOUNTABILITY

- 8.1 Virements application forms as per annexure A must be completed in accordance with Council's virements policy.
- 8.2 Completed virements documentation must also to be verified by the Budget & Treasury Manager as confirmation of available funds and/or savings.
- 8.3 Virements approved by the Directors will be reported to Council on a quarterly basis.

Annexures

Annexure A : Virement Form : Operational Budget and Capital Budget.

DOCUMENT AND VERSION CONTROL

1.10 Overview of budget assumptions

1.10.1 External factors

The global environment remains highly uncertain and it is clear that the economic uncertainty will be with us for some time.

The impact is also felt by Council as its income will only grow with 3% to 4 % over the MTREF period.

Owing to the economic slowdown, financial resources are limited and Council had to relook at restraining expenditure.

1.10.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2011/12 MTREF:

- National Government macro economic targets;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration. Employee related costs comprise 55.4 per cent of total operating expenditure in the 2012/13 MTREF and places a disproportionate upward pressure on the expenditure budget.

1.10.3 Credit rating outlook

No credit rating was done.

1.10.4 Interest rates for borrowing and investment of funds

It is not foreseen that Council will opt for borrowing funds in the near future.

Funds not utilised immediately is invested in short term instruments which accrue interest at an average rate of 5.5 % currently.

1.10.5 Salary increases

Looking at the CPIX is not expected that salary increases will exceed 7% and therefore the provision of 7% for both councillors and officials.

1.10.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

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

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

1.10.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

1.11 Overview of budget funding

1.11.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 17 Breakdown of the operating revenue over the medium-term

Description	2012/13 Medium Term Revenue & Expenditure Framework					
	Budget Year 2012/13	%	Budget Year 2013/14	%	Budget Year 2014/15	%
R thousands						
Investment Revenue	1680	2%	1700	2%	1700	2%
Transfers Recognised	99387	98%	103162	98%	107717	98%
Other Revenue	685	1%	726	1%	769	1%
Total Operating Revenue	101752	100%	105588	100%	110186	100%
Total Operating expenditure	99874		103675		108177	
Surplus (Deficit)	1878		1913		2009	

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year.

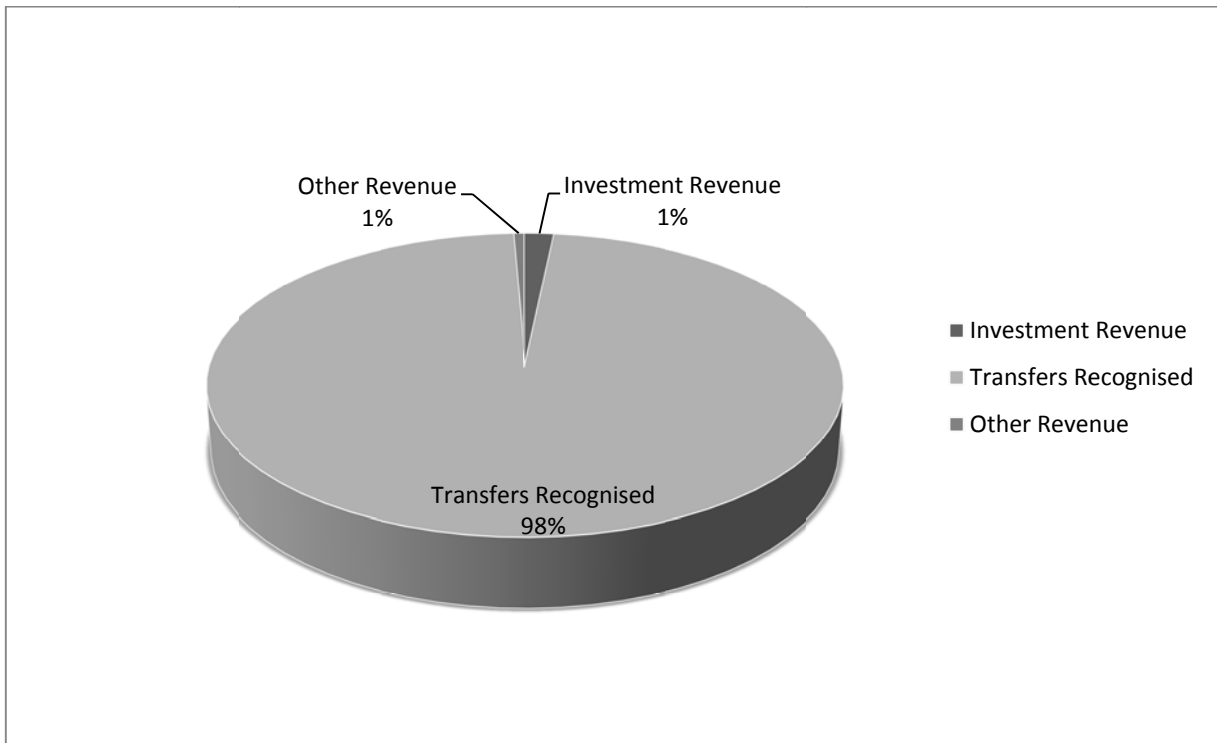


Figure 3 Breakdown of operating revenue over the 2011/12 MTREF

Council does not have any billable income and depends almost entirely on National Grants since own income represents only 2% of the total revenue.

Table 18 MBRR SA15 – Detail Investment Information

DC18 Lejweleputswa - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		52,000	50,000	40,000	32,000	32,000	32,000	20,000	16,000	14,000
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	52,000	50,000	40,000	32,000	32,000	32,000	20,000	16,000	14,000
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-

Table 19 MBRR SA16 – Investment particulars by maturity

DC18 Lejweleputswa - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Variable or Fixed interest rate	Interest Rate 3.	Expiry date of investment	Monetary value	Interest to be realised
		Yrs/Months					Rand thousand	
Parent municipality								
ABSA		90 days	Fixed	Fixed	5.65%	07/03/2012	5,000	70
African Bank		3 months	Fixed	Fixed	5.70%	08/03/2012	5,000	72
Standard bank		3 months	Fixed	Fixed	5.65%	08/03/2012	5,000	71
Nedbank		3 months	Fixed	Fixed	5.60%	08/03/2012	5,000	71
ABSA		90 days	Fixed	Fixed	5.60%	14/05/2012	3,000	41
African Bank		3 months	Fixed	Fixed	5.70%	14/05/2012	3,000	43
Standard bank		3 months	Fixed	Fixed	5.65%	14/05/2012	3,000	42
Nedbank		3 months	Fixed	Fixed	5.60%	14/05/2012	3,000	42
Nedbank		Call	Call	Variable	5.20%		5,000	
Nedbank		Call	Call	Variable	5.20%		5,000	
Municipality sub-total							42,000	451
Entities								
Entities sub-total							-	-
TOTAL INVESTMENTS AND INTEREST	1						42,000	451

The MTREF provides for a budgeted surplus of R 1,877 for 2012/13 and this surplus is intended to fund capital charges (redemption).

1.11.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

Table 20 Sources of capital revenue over the MTREF

R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote										
Internally generated funds		2 158	10 923	9 531	8 175	10 704	10 704	3 842	788	702
Total Capital	7	2 158	10 923	9 531	8 175	10 704	10 704	3 842	788	702

The following table is a detailed analysis of the Council's borrowing liability.

Table 21 MBRR Table SA 17 - Detail of borrowings

DC18 Lejweleputswa - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality										
Long-Term Loans (annuity/reducing balance)		22,440	21,253	19,891	18,337	18,337	18,337	16,784	14,996	13,411
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases			161							
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	22,440	21,414	19,891	18,337	18,337	18,337	16,784	14,996	13,411
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	22,440	21,414	19,891	18,337	18,337	18,337	16,784	14,996	13,411

Above schedule and below graph indicates the reduction in the capital amount from R 22, 440 million to R 13, 411 at 2014/15.

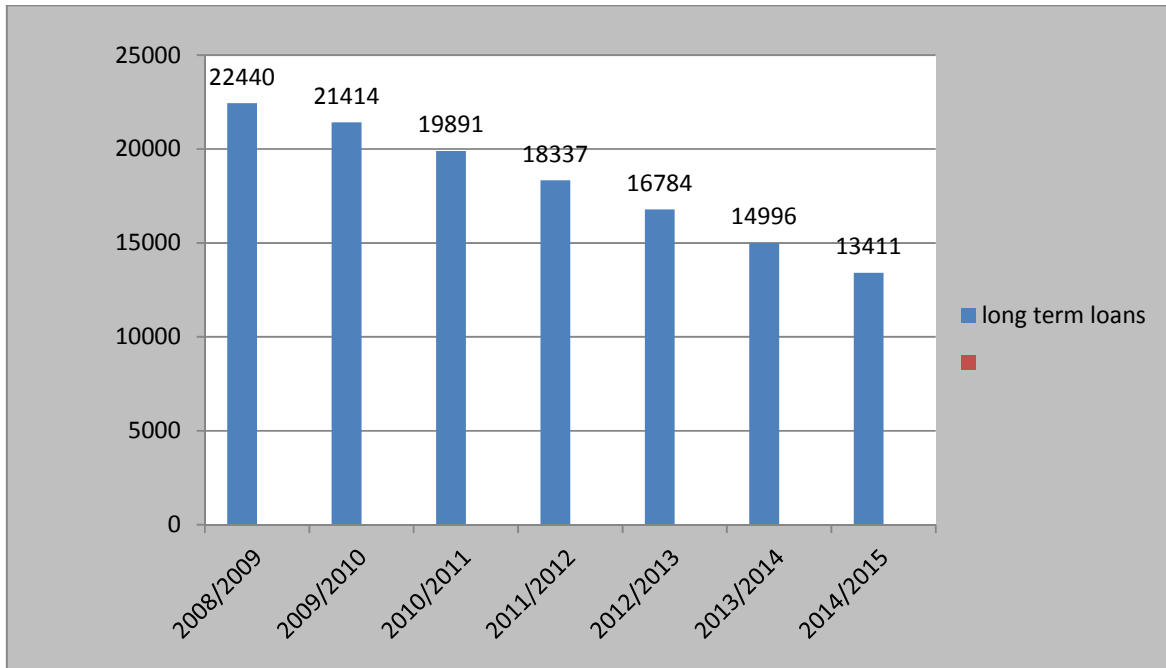


Figure 4. Reduction in outstanding Borrowing (long term liabilities)

Table 22 MBRR Table SA 18 - Capital transfers and grant receipts

DC18 Lejweleputswa - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		76,568	85,572	92,800	95,990	96,084	96,084	99,387	103,162	107,717
Local Government Equitable Share		8,050	15,883	21,182	21,907	21,907	21,907	23,155	24,841	27,030
RSC Levy Replacement		67,283	67,695	69,740	71,828	71,828	71,828	73,982	76,201	78,487
Finance Management		500	1,449	1,152	1,250	1,250	1,250	1,250	1,250	1,250
Municipal Systems Improvement		735	544	726	790	790	790	1,000	870	950
EPWP Incentive					215	309	309			
Provincial Government:		1,000	-	-	-	-	-	-	-	-
Sport and Recreation		1,000								
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	2,567	139	-	91	91	-	-	-
LGWSETA						91	91			
Other grant providers:			2,567	139						
Total Operating Transfers and Grants	5	77,568	88,139	92,939	95,990	96,175	96,175	99,387	103,162	107,717
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert desc]</i>										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS		77,568	88,139	92,939	95,990	96,175	96,175	99,387	103,162	107,717

1.11.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from 'debtors and other' to be provide for as cash inflow based on actual performance.
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 23 MBRR Table A7 - Budget cash flow statement

DC18 Lejweleputswa - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other			603	340	15	173	173		685	726	769
Government - operating	1	78,568	79,587	92,939	95,775	96,175	96,175		99,387	103,162	107,719
Government - capital	1										
Interest		8,467	4,057	4,084	2,800	2,779	2,779		1,680	1,700	1,700
Dividends											
Payments											
Suppliers and employees		(80,277)	(59,283)	(76,077)	(80,717)	(96,258)	(94,646)		(85,238)	(88,482)	(92,750)
Finance charges		(4,543)	(4,054)	(3,836)	(3,080)	(3,080)	(3,080)		(2,841)	(2,583)	(2,321)
Transfers and Grants	1	(5,345)	(8,308)	(12,234)	(9,000)	(8,150)	(8,150)		(3,950)	(3,950)	(3,950)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(3,130)	12,604	5,216	5,793	(8,361)	(6,749)	-	9,723	10,573	11,167
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		100									
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments			1,000	25,000	20,000	(8,000)	12,000		4,000	4,000	2,000
Payments											
Capital assets		(2,469)	(13,629)	(9,632)	(8,175)	(10,704)	(10,704)		(3,842)	(788)	(702)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(2,368)	(12,629)	15,368	11,825	(18,704)	1,296	-	158	3,212	1,298
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			(1,374)	(1,863)					(1,788)	(1,877)	(1,971)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(1,374)	(1,863)	-	-	-	-	(1,788)	(1,877)	(1,971)
NET INCREASE/ (DECREASE) IN CASH HELD		(5,498)	(1,399)	18,721	17,618	(27,065)	(5,453)	-	8,093	11,908	10,494
Cash/cash equivalents at the year begin:	2	59,834	54,336	52,936					(5,453)	2,640	14,548
Cash/cash equivalents at the year end:	2	54,336	52,936	71,657	17,618	(27,065)	(5,453)		2,640	14,548	25,042

The above table shows that cash and cash equivalents of Council were largely depleted in 2011/2012 moving to a positive balance from 2012/2013.

1.11.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 24 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

DC18 Lejweleputswa - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	54,336	52,936	71,657	17,618	(27,065)	(5,453)	-	2,640	14,548	25,042
Other current investments > 90 days		(1,928)	(2,927)	(27,928)	14,382	70,794	49,182	-	41,089	26,368	15,120
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		52,408	50,009	43,729	32,000	43,729	43,729	-	43,729	40,916	40,162
Application of cash and investments											
Unspent conditional transfers		-	848	667	-	667	667	-	667	700	735
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	3,362	3,444	3,163	4,042	6,032	6,032	-	(103)	(111)	(115)
Other provisions		-	-	-	-	6,308	6,308	-	4,728	4,964	5,213
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		3,362	4,292	3,830	4,042	13,007	13,007	-	5,292	5,553	5,834
Surplus(shortfall)		49,046	45,717	39,900	27,958	30,722	30,722	-	38,437	35,363	34,328

From the above table it can be seen that the cash and investments available total R38,437 million in the 2012/13 financial year. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. .
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due.
- This liability is informed by all provisions.

- The level of cash-backing is directly informed by the municipality's cash backing policy as recommended above.
- It can be concluded that Council has a surplus against its accumulated surpluses reconciliation.

1.11.5 Funding compliance measurement

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

Table 25 MBRR SA10 – Funding compliance measurement

DC18 Lejweleputswa Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	54,336	52,936	71,657	17,618	(27,065)	(5,453)	-	2,640	14,548	25,042
Cash + investments at the yr end less applications - R'000	18(1)b	2	49,046	45,717	39,900	27,958	30,722	30,722	-	38,437	35,363	34,328
Cash year end/monthly employee/supplier payments	18(1)b	3	11.5	9.2	11.5	2.7	(4.1)	(0.8)	-	0.4	2.3	3.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	14,809	7,016	(253)	(1,326)	(15,787)	(14,173)	-	1,878	1,913	2,009
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	61.8%	49.6%	13.0%	22.1%	22.1%	0.0%	100.0%	100.0%	100.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c:19	8	114.4%	124.8%	101.1%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	88.8%	7.1%	(43.4%)	(27.3%)	0.0%	(100.0%)	142.9%	5.0%	5.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)i	13	0.0%	0.8%	0.9%	34.0%	1.8%	1.8%	0.0%	1.0%	1.3%	1.3%
Asset renewal % of capital budget	20(1)(v)i	14	0.0%	20.4%	50.7%	73.4%	64.6%	64.6%	0.0%	26.0%	0.0%	0.0%

References

1.12 Expenditure on grants and reconciliations of unspent funds

Table 26 MBRR SA19 - Expenditure on transfers and grant programmes

DC18 Lejweleputswa - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		76,568	85,572	-	95,775	96,084	96,084	99,387	103,162	107,717
Local Government Equitable Share		8,050	15,883		21,907	21,907	21,907	23,155	24,841	27,030
RSC Levy Replacement		67,283	67,695		71,828	71,828	71,828	73,982	76,201	78,487
Finance Management		500	1,449		1,250	1,250	1,250	1,250	1,250	1,250
Municipal Systems Improvement		735	544		790	790	790	1,000	870	950
EPWP Incentive						309	309			
Provincial Government:		-	-	-	-	-	-	-	-	-
Sport and Recreation										
0										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		1,000	2,567	-	-	91	91	-	-	-
LGWSETA						91	91			
Other Grants		1,000	2,567							
Total operating expenditure of Transfers and Grants		77,568	88,139	-	95,775	96,175	96,175	99,387	103,162	107,717
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert desc]</i>										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
0										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		77,568	88,139	-	95,775	96,175	96,175	99,387	103,162	107,717

Table 27 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

DC18 Lejweleputswa - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		1,295	958							
Current year receipts		1,235	84,828		95,775	95,775	95,775	99,387	103,162	107,717
Conditions met - transferred to revenue		1,572	85,572	-	95,775	95,775	95,775	99,387	103,162	107,717
Conditions still to be met - transferred to liabilities		958	214							
Provincial Government:										
Balance unspent at beginning of the year		403	1,234							
Current year receipts		77,826	26							
Conditions met - transferred to revenue		76,996	1,200	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		1,234	60							
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		78,568	86,771	-	95,775	95,775	95,775	99,387	103,162	107,717
Total operating transfers and grants - CTBM	2	2,191	274	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		752	752							
Current year receipts			88,139							
Conditions met - transferred to revenue		-	88,891	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		752	-							
Provincial Government:										
Balance unspent at beginning of the year		1,189	1,189							
Current year receipts										
Conditions met - transferred to revenue		-	615	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		1,189	574							
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	89,506	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM	2	1,941	574	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		78,568	176,277	-	95,775	95,775	95,775	99,387	103,162	107,717
TOTAL TRANSFERS AND GRANTS - CTBM		4,132	848	-	-	-	-	-	-	-

Councillor and employee benefits**Table 28 MBRR SA22 - Summary of councillor and staff benefits**

Table 30 MBRR SA24 – Summary of personnel numbers

DC18 Lejweleputswa - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		37			37			37		
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	6		6	6		6			6
Other Managers	7	11	11		10	10		10	10	
Professionals		43	43	-	42	42	-	42	42	-
<i>Finance</i>		3	3		3	3		3	3	
<i>Spatial/town planning</i>		1	1		1	1		1	1	
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		39	39		38	38		38	38	
Technicians		72	72	-	72	72	-	74	74	-
<i>Finance</i>		9	9		9	9		10	10	
<i>Spatial/town planning</i>		1	1		1	1		1	1	
<i>Information Technology</i>		2	2		2	2		2	2	
<i>Roads</i>		1	1		1	1		1	1	
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		59	59		59	59		60	60	
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS		169	126	6	167	124	6	169	126	6
% increase					(1.2%)	(1.6%)	-	1.2%	1.6%	-
Total municipal employees headcount	6									
Finance personnel headcount	8									
Human Resources personnel headcount	8									

1.13 Monthly targets for revenue, expenditure and cash flow

Table 31 MBRR SA25 - Budgeted monthly revenue and expenditure

DC18 Lejweleputswa - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source																
Property rates													-	-	-	-
Property rates - penalties & collection charges													-	-	-	-
Service charges - electricity revenue													-	-	-	-
Service charges - water revenue													-	-	-	-
Service charges - sanitation revenue													-	-	-	-
Service charges - refuse revenue													-	-	-	-
Service charges - other													-	-	-	-
Rental of facilities and equipment													-	-	-	-
Interest earned - external investments		99	141	124	156	238	147	85	126	133	295	78	59	1 680	1 700	1 700
Interest earned - outstanding debtors		35	39	48	50	54	56	59	61	63	66	60	55	645	684	725
Dividends received													-	-	-	-
Fines													-	-	-	-
Licences and permits													-	-	-	-
Agency services													-	-	-	-
Transfers recognised - operational													99 387	99 387	103 162	107 717
Other revenue		1	2	2	2	3	4	4	6	5	6	4	3	40	42	44
Gains on disposal of PPE													-	-	-	-
Total Revenue (excluding capital transfers and contributions)		135	181	174	208	295	207	148	193	201	366	142	99 504	101 752	105 588	110 186
Expenditure By Type																
Employee related costs		3 200	3 450	3 600	3 800	4 050	4 200	4 500	3 952	4 130	4 700	4 000	3 939	47 521	49 573	52 052
Remuneration of councillors		630	634	639	645	650	686	692	670	663	674	680	646	7 909	8 304	8 719
Debt impairment													-	-	-	-
Depreciation & asset impairment		595	621	635	642	653	667	671	687	695	658	700	621	7 845	8 660	9 156
Finance charges							1 420						1 420	2 841	2 583	2 321
Bulk purchases													-	-	-	-
Other materials													-	-	-	-
Contracted services													-	-	-	-
Transfers and grants		2 000		300			400			800			450	3 950	3 950	3 950
Other expenditure		2 110	2 289	2 347	2 460	2 576	2 835	2 947	2 704	2 811	2 907	2 722	1 100	29 808	30 605	31 979
Loss on disposal of PPE													-	-	-	-
Total Expenditure		8 535	6 994	7 521	7 547	7 929	10 208	8 810	8 013	9 099	8 939	8 102	8 177	99 874	103 675	108 177
Surplus/(Deficit)		(8 401)	(6 813)	(7 347)	(7 339)	(7 635)	(10 002)	(8 662)	(7 820)	(8 899)	(8 573)	(7 961)	91 328	1 878	1 913	2 009
Transfers recognised - capital													-	-	-	-
Contributions recognised - capital													-	-	-	-
Contributed assets													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(8 401)	(6 813)	(7 347)	(7 339)	(7 635)	(10 002)	(8 662)	(7 820)	(8 899)	(8 573)	(7 961)	91 328	1 878	1 913	2 009
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-

Table 32 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

DC18 Lejweleputswa - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote																
Vote 1 - Executive Mayor													-	-	-	-
Vote 2 - Speaker													-	-	-	-
Vote 3 - Mayoral Committee													-	-	-	-
Vote 4 - Council General		6 600	6 959	8 856	7 690	8 100	8 300	8 490	9 129	8 480	8 623	8 843	7 067	97 137	101 042	105 517
Vote 5 - Municipal Manager													-	-	-	-
Vote 6 - Financial Services		236	242	270	295	317	328	343	310	356	378	300	240	3 615	3 676	3 719
Vote 7 - Corporate Services													-	-	-	-
Vote 8 - Human Resources													-	-	-	-
Vote 9 - Information Technology													-	-	-	-
Vote 10 - Property													-	-	-	-
Vote 11 - Municipal Support													-	-	-	-
Vote 12 - Planning & Development		76	78	82	85	88	90	94	93	87	85	77	66	1 000	870	950
Vote 13 - Community & Social Services													-	-	-	-
Vote 14 - Environmental Health Services													-	-	-	-
Vote 15 - Tourism													-	-	-	-
Total Revenue by Vote		6 912	7 279	9 208	8 070	8 505	8 718	8 927	9 532	8 923	9 086	9 220	7 373	101 752	105 588	110 186
Expenditure by Vote to be appropriated																
Vote 1 - Executive Mayor		876	890	899	906	918	923	950	963	974	1 000	960	648	10 907	13 008	13 543
Vote 2 - Speaker		225	238	240	244	258	273	289	264	271	282	276	(26)	2 834	3 234	3 436
Vote 3 - Mayoral Committee		376	390	413	426	431	490	442	450	461	460	480	426	5 245	5 447	5 720
Vote 4 - Council General		948	961	1 057	1 164	1 200	1 048	1 170	1 133	1 220	1 312	1 430	1 209	13 852	16 088	16 115
Vote 5 - Municipal Manager		587	605	618	631	653	677	708	727	747	768	690	(381)	7 030	7 319	7 658
Vote 6 - Financial Services		1 000	1 149	1 272	1 314	1 459	1 502	1 605	1 561	1 470	1 560	1 459	1 117	16 468	17 486	18 105
Vote 7 - Corporate Services		735	769	795	806	829	843	868	905	924	890	915	550	9 829	10 396	10 915
Vote 8 - Human Resources													-	-	-	-
Vote 9 - Information Technology													-	-	-	-
Vote 10 - Property		235	260	304	321	348	375	409	470	500	520	515	502	4 759	2 824	2 993
Vote 11 - Municipal Support													-	-	-	-
Vote 12 - Planning & Development		467	491	513	524	536	556	600	614	585	604	639	1 636	7 765	6 437	7 023
Vote 13 - Community & Social Services		580	603	627	648	670	687	717	725	702	718	722	708	8 107	8 608	9 212
Vote 14 - Environmental Health Services		813	845	870	898	912	946	973	984	1 013	962	973	888	11 077	11 295	11 848
Vote 15 - Tourism				1 500			306		694				(500)	2 000	1 532	1 609
Total Expenditure by Vote		6 842	7 201	9 108	7 882	8 214	8 626	8 731	9 490	8 867	9 076	9 059	6 779	99 874	103 675	108 177
Surplus/(Deficit) before assoc.																
Taxation		70	78	100	188	291	92	196	42	56	11	161	594	1 878	1 913	2 009
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	70	78	100	188	291	92	196	42	56	11	161	594	1 878	1 913	2 009

Table 33 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

DC18 Lejweleputswa - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard																
<i>Governance and administration</i>		42 134	193	269	208	32 908	214	252	243	24 775	184	203	(830)	100 752	104 718	109 236
Executive and council		40 884				32 709				24 544			(1 000)	97 137	101 042	105 517
Budget and treasury office		1 250	193	269	208	199	214	252	243	231	184	203	170	3 615	3 676	3 719
Corporate services													-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services													-	-	-	-
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		-	1 000	-	-	-	-	-	-	-	-	-	-	1 000	870	950
Planning and development			1 000										-	1 000	870	950
Road transport													-	-	-	-
Environmental protection													-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity													-	-	-	-
Water													-	-	-	-
Waste water management													-	-	-	-
Waste management													-	-	-	-
<i>Other</i>													-	-	-	-
Total Revenue - Standard		42 134	1 193	269	208	32 908	214	252	243	24 775	184	203	(830)	101 752	105 588	110 186
Expenditure - Standard																
<i>Governance and administration</i>		4 419	4 854	5 303	5 587	5 780	6 592	6 120	6 227	6 695	7 361	7 675	4 312	70 925	74 862	77 800
Executive and council		2 432	2 658	2 921	3 050	3 246	3 850	3 315	3 527	3 840	4 265	4 675	2 089	39 868	44 057	45 488
Budget and treasury office		1 087	1 135	1 253	1 340	1 324	1 450	1 500	1 420	1 529	1 617	1 431	1 383	16 469	17 586	18 405
Corporate services		900	1 061	1 129	1 197	1 210	1 292	1 305	1 280	1 326	1 479	1 569	840	14 588	13 220	13 907
<i>Community and public safety</i>		540	563	591	609	624	663	688	706	750	782	800	792	8 107	8 908	9 413
Community and social services		540	563	591	609	624	663	688	706	750	782	800	792	8 107	8 908	9 413
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		1 261	1 315	1 327	1 373	1 435	1 498	1 478	1 536	1 590	1 646	1 684	2 699	18 842	18 372	19 355
Planning and development		415	440	476	500	543	598	560	600	632	670	688	1 643	7 765	6 837	7 222
Road transport													-	-	-	-
Environmental protection		846	875	851	873	892	900	918	936	958	976	996	1 056	11 077	11 535	12 133
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity													-	-	-	-
Water													-	-	-	-
Waste water management													-	-	-	-
Waste management													-	-	-	-
<i>Other</i>				500					994		506		-	2 000	1 532	1 609
Total Expenditure - Standard		6 220	6 732	7 721	7 569	7 839	8 753	8 286	9 463	9 035	10 295	10 159	7 804	99 874	103 675	108 177
Surplus/(Deficit) before assoc.		35 914	(5 540)	(7 452)	(7 361)	25 069	(8 539)	(8 034)	(9 220)	15 740	(10 111)	(9 956)	(8 634)	1 878	1 913	2 009
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	35 914	(5 540)	(7 452)	(7 361)	25 069	(8 539)	(8 034)	(9 220)	15 740	(10 111)	(9 956)	(8 634)	1 878	1 913	2 009

References

Table 34 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

DC18 Lejweleputswa - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive Mayor													-	-	-	-
Vote 2 - Speaker													-	-	-	-
Vote 3 - Mayoral Committee													-	-	-	-
Vote 4 - Council General													-	-	-	-
Vote 5 - Municipal Manager													-	-	-	-
Vote 6 - Financial Services													-	-	-	-
Vote 7 - Corporate Services													-	-	-	-
Vote 8 - Human Resources													-	-	-	-
Vote 9 - Information Technology													-	-	-	-
Vote 10 - Property													-	-	-	-
Vote 11 - Municipal Support													-	-	-	-
Vote 12 - Planning & Development													-	-	-	-
Vote 13 - Community & Social Services													-	-	-	-
Vote 14 - Environmental Health Services													-	-	-	-
Vote 15 - Tourism													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Executive Mayor				15				25					-	40	42	44
Vote 2 - Speaker			10			20							-	30	50	70
Vote 3 - Mayoral Committee		10		10									-	20	70	40
Vote 4 - Council General		15	40		20			100		85			-	260	275	195
Vote 5 - Municipal Manager			30		100			70					-	200	45	60
Vote 6 - Financial Services			25		240		170		200	300			-	935	240	265
Vote 7 - Corporate Services		9				13							-	22	16	-
Vote 8 - Human Resources													-	-	-	-
Vote 9 - Information Technology													-	-	-	-
Vote 10 - Property				300		400		500		100			-	1,300	-	-
Vote 11 - Municipal Support													-	-	-	-
Vote 12 - Planning & Development				15		9			11				-	35	-	13
Vote 13 - Community & Social Services													-	-	30	15
Vote 14 - Environmental Health Services			20		385			215		380			-	1,000	20	-
Vote 15 - Tourism													-	-	-	-
Capital single-year expenditure sub-total	2	34	125	340	745	442	170	910	211	865	-	-	-	3,842	788	702

Table 35 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

DC18 Lejweleputswa - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		20	125	360	150	60	625	200	1,112	-	155	-	-	2,807	738	674
Executive and council			50		100		85		160		155		-	550	482	409
Budget and treasury office			75	300	50	60	150	200	100				-	935	240	265
Corporate services		20		60			390		852				-	1,322	16	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	30	15
Community and social services													-	-	30	15
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		-	50	35	100	-	600	-	250	-	-	-	-	1,035	20	13
Planning and development				35									-	35	-	13
Road transport													-	-	-	-
Environmental protection			50		100		600		250				-	1,000	20	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity													-	-	-	-
Water													-	-	-	-
Waste water management													-	-	-	-
Waste management													-	-	-	-
<i>Other</i>													-	-	-	-
Total Capital Expenditure - Standard	2	20	175	395	250	60	1,225	200	1,362	-	155	-	-	3,842	788	702

Table 36 MBRR SA30 - Budgeted monthly cash flow

DC18 Lejweleputswa - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source													1			
Property rates													-			
Property rates - penalties & collection charges													-			
Service charges - electricity revenue													-			
Service charges - water revenue													-			
Service charges - sanitation revenue													-			
Service charges - refuse revenue													-			
Service charges - other													-			
Rental of facilities and equipment													-			
Interest earned - external investments	165	181	149	117	133	150	95	136	200	101	128	125	1,680	1,700	1,700	
Interest earned - outstanding debtors	45	48	52	54	50	51	53	56	59	61	65	54	645	684	725	
Dividends received													-			
Fines													-			
Licences and permits													-			
Agency services													-			
Transfer receipts - operational	40,821				33,462				25,103				-	99,387	103,298	107,717
Other revenue	2	2	3	4	4	3	4	4	4	4	4	3	40	42	44	
Cash Receipts by Source	41,032	231	203	175	33,649	204	151	196	25,366	166	197	182	101,752	105,724	110,186	
Other Cash Flows by Source																
Transfer receipts - capital													-			
Contributions recognised - capital & Contributed assets													-			
Proceeds on disposal of PPE													-			
Short term loans													-			
Borrowing long term/refinancing													-			
Increase (decrease) in consumer deposits													-			
Decrease (Increase) in non-current debtors													-			
Decrease (increase) other non-current receivables													-			
Decrease (increase) in non-current investments												10,000	10,000	16,000	14,000	
Total Cash Receipts by Source	41,032	231	203	175	33,649	204	151	196	25,366	166	197	10,182	111,752	121,724	124,186	
Cash Payments by Type																
Employee related costs	3,200	3,450	3,600	3,800	4,050	4,200	4,500	3,952	4,130	4,700	4,000	3,939	47,521	49,573	52,052	
Remuneration of councillors	630	634	639	645	650	686	692	670	663	674	680	646	7,909	8,304	8,719	
Finance charges						1,420							2,841	2,583	2,321	
Bulk purchases - Electricity													-			
Bulk purchases - Water & Sewer													-			
Other materials													-			
Contracted services													-			
Transfers and grants - other municipalities		300			400			800				450	1,950	1,950	1,950	
Transfers and grants - other	2,000												2,000	2,000	2,000	
Other expenditure	2,110	2,289	2,347	2,460	2,576	2,835	2,947	2,704	2,811	2,907	2,722	2,101	30,809	35,979	38,020	
Cash Payments by Type	7,940	6,673	6,586	6,905	7,676	9,141	8,139	8,126	7,604	8,281	7,402	8,556	93,029	100,389	105,062	
Other Cash Flows/Payments by Type																
Capital assets			450	369			1,250		779	500		494	3,842	788	702	
Repayment of borrowing						894					894	(0)	1,788	1,877	1,971	
Other Cash Flows/Payments													-			
Total Cash Payments by Type	7,940	6,673	7,036	7,274	7,676	10,035	9,389	8,126	8,383	8,781	8,296	9,050	98,659	103,054	107,735	
NET INCREASE/(DECREASE) IN CASH HELD	33,092	(6,442)	(6,833)	(7,099)	25,973	(9,831)	(9,238)	(7,930)	16,983	(8,615)	(8,099)	1,132	13,093	18,670	16,451	

1.14 Annual budgets and SDBIPs – internal departments

1.15 Contracts having future budgetary implications

In terms of the Council's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Treasury Department.

1.16 Capital expenditure details

The following three tables present details of the Council's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 37 MBRR SA 34a - Capital expenditure on new assets by asset class

DC18 Lejweleputswa - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>										
<i>Gas</i>	2									
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		2,158	8,700	4,599	2,175	3,695	3,695	2,512	758	654
General vehicles	10	882	2,587	452			200	210		
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment			266	528		20	20			
Computers - hardware/equipment						400	400	520	40	45
Furniture and other office equipment		1,276	631	591	1,085	1,125	1,125	1,492	508	609
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings			5,172	3,007	250	1,250	1,250			
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			43	21	840	900	900	300		
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	101	-	90	90	330	30	48
Computers - software & programming				101		90	90	330	30	48
Other (<i>list sub-class</i>)										
Total Capital Expenditure on new assets	1	2,158	8,700	4,701	2,175	3,785	3,785	2,842	788	702

DC18 Lejweleputswa - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	2,224	4,830	6,000	6,919	6,919	1,000	-	-
General vehicles										
Specialised vehicles										
Plant & equipment	10									
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings			2,224	4,830	6,000	6,919	6,919	1,000		
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Capital Expenditure on renewal of existing	1	-	2,224	4,830	6,000	6,919	6,919	1,000	-	-

Table 39 MBRR SA34c - Repairs and maintenance expenditure by asset class

DC18 Lejweleputswa - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>										
<i>Gas</i>	2									
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		739	724	803	1,603	1,613	1,613	914	1,221	1,302
General vehicles		239	235	385	629	651	651	156	86	92
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		50	-	4	35	35	35	5	5	6
Computers - hardware/equipment		-	69	58	93	87	87	157	20	21
Furniture and other office equipment		-	-	6	67	67	67	22	13	13
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		450	310	209	536	536	536	415	750	800
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			110	140	243	238	238	160	348	371
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Repairs and Maintenance Expenditure	1	739	724	803	1,603	1,613	1,613	914	1,221	1,302

DC18 Lejweleputswa - Supporting Table SA34d Depreciation by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		2,027	3,191	5,262	-	-	-	-	-	-
General vehicles		132	466	415						
Specialised vehicles		-	-	-						
Plant & equipment		677	1,659	2,592						
Computers - hardware/equipment										
Furniture and other office equipment		567	425	833						
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		289	289	1,396						
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		363	352	26						
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		248	268	371	-	-	-	-	-	-
Computers - software & programming		248	268	371						
Other (<i>list sub-class</i>)										
Total Depreciation	1	2,276	3,458	5,633	-	-	-	-	-	-

Table 3 MBRR SA36 - Detailed capital budget per municipal vote

DC18 Lejweleputswa - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
	4	Disaster Infrastructure			Yes	<i>Infrastructure</i>	<i>Buildings</i>									
		Building Archives & Security Houses			Yes	Infrastructure	Buildings		3,007	1,250	1,000					renewal
		Other Assets			Yes	Office Equipment	Clock in server, caseware									
		Other Assets			Yes	Office Equipment	Networks, PA System, Computers									
		Other Assets			Yes	Emergency Equipment	Fire Fighting Equipment									
		Other Assets			Yes	Motor Vehicles	General Motor Vehicles		452	-	200	210				new
		Other Assets			Yes	Plant & Equipment	Crime Prevention Equip, Radio Equip									
		Other Assets			Yes	Software/Hardware	Software/Hardware		629	510	330					new
		Other Assets			Yes	Furniture & Fittings	Furniture & Fittings		591	2,025	2,012	548	654			new
		Other Assets			Yes	Fencing Disaster Management	Fencing									
		Other Assets			Yes	Paving Disaster Management	Paving									
		Other Assets			Yes	Specialized Vehicles	Specialized Vehicles									
		Other Assets			Yes	Other Assets	Landscaping									
		Other Assets			Yes	Security Material	Security Material		21		300	30	48			new
		Other Assets			Yes	Tools	Tools									
		Other Assets			Yes	Other Assets	Disaster Management Solution		4,830	6,919						
Parent Capital expenditure	1										3,842	788	702			
Entities: <i>List all capital projects grouped by Entity</i>																
Entity A		Water project A														
Entity B		Electricity project B														
Entity Capital expenditure																
Total Capital expenditure									9,531	10,704	3,842	788	702			

Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on Council's website.
2. Internship programme
Council is participating in the Municipal Financial Management Internship programme and has employed three interns undergoing training in various divisions of the Financial Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in May 2013 directly aligned and informed by the 2012/13 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
Seven staff members have enrolled recently for the MFMDP programme.
8. Other supporting documents.

Table 42 MBRR Table SA1 - Supporting detail to budgeted financial performance

DC18 Lejweleputswa - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6										
<i>less Revenue Foregone</i>											
Net Property Rates											
Service charges - electricity revenue											
Total Service charges - electricity revenue	6										
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue											
Service charges - water revenue											
Total Service charges - water revenue	6										
<i>less Revenue Foregone</i>											
Net Service charges - water revenue											
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue											
Service charges - refuse revenue											
Total refuse removal revenue	6										
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue											
Other Revenue by source											
<i>List other revenue by source</i>											
<i>Sundry</i>		87	604	154	15	173	173		40	42	44
Total 'Other' Revenue	3	87	604	154	15	173	173		40	42	44
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	18,101	24,587	27,148	31,682	29,682	29,615		33,686	35,370	37,139
Pension and UIF Contributions		3,767	5,239	6,500	4,225	4,268	4,268		4,513	4,738	4,975
Medical Aid Contributions					2,169	2,173	2,173		2,303	2,418	2,539
Overtime		146	158	259		375	375		210		
Performance Bonus		1,541	213	435							
Motor Vehicle Allowance		5,434	4,039	4,832	5,078	4,824	4,824		5,634	5,916	6,212
Cellphone Allowance						373	373		380	399	419
Housing Allowances		711	273	230	391	373	373		696	731	768
Other benefits and allowances					667	664	664				
Payments in lieu of leave					451	481					
Post-retirement benefit obligations	4		6,572	3,993							
<i>sub-total</i>	5	29,700	41,081	43,397	44,664	42,841	42,292		47,423	49,573	52,052
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	29,700	41,081	43,397	44,664	42,841	42,292		47,423	49,573	52,052
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital											
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment			3,458	5,633	3,465	7,423	7,423		7,845	8,660	9,156
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1		3,458	5,633	3,465	7,423	7,423		7,845	8,660	9,156
Bulk purchases											
Electricity Bulk Purchases											
Water Bulk Purchases											
Total bulk purchases	1										
Transfers and grants											
Cash transfers and grants		5,345	8,308	12,234	9,150	8,150	8,150		3,950	3,950	3,950
Non-cash transfers and grants											
Total transfers and grants	1	5,345	8,308	12,234	9,150	8,150	8,150		3,950	3,950	3,950
Contracted services											
<i>List services provided by contract</i>											
Total contracted services											
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total allocated services											
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions		2,906	1,678	1,815	2,114	1,851	1,851		1,937	2,034	2,135
Consultant fees		794	274	1,155	1,190	2,490	2,340		1,700	1,649	1,731
Audit fees		1,104	2,107	2,327	2,100	2,500	2,200		2,426	2,547	2,674
General expenses	3	10,030	3,636	3,285	11,627	26,300	25,686		16,554	21,627	23,684
<i>List Other Expenditure by Type</i>											
<i>Grants & subsidies</i>		5,345	10,774	12,234	9,150	8,150	8,150		3,950	3,950	3,950
<i>Interest paid on DBSA loans</i>		4,543	3,447	3,836	3,080	3,080	3,080		2,841	2,583	2,321
<i>Branding Internal</i>		411	1,625	770	600	1,600	1,600		500	693	728
<i>Tourism awareness</i>		1,455	1,182	1,784	700					761	799
Total 'Other' Expenditure	1	26,589	24,722	27,205	30,561	45,971	44,907		29,907	35,843	38,022

Table 43 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

DC18 Lejweleputswa - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive Mayor	Vote 2 - Speaker	Vote 3 - Mayoral Committee	Vote 4 - Council General	Vote 5 - Municipal Manager	Vote 6 - Financial Services	Vote 7 - Corporate Services	Vote 8 - Human Resources	Vote 9 - Information Technology	Vote 10 - Property	Vote 11 - Municipal Support	Vote 12 - Planning & Development	Vote 13 - Community & Social Services	Vote 14 - Environment al Health Services	Vote 15 - Tourism	Total
R thousand	1																
Revenue By Source																	
Property rates																	-
Property rates - penalties & collection charges																	-
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment																	-
Interest earned - external investments							1,680										1,680
Interest earned - outstanding debtors							645										645
Dividends received																	-
Fines																	-
Licences and permits																	-
Agency services																	-
Other revenue							40										40
Transfers recognised - operational					97,137		1,250					1,000					99,387
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and cont		-	-	-	97,137	-	3,615	-	-	-	-	-	1,000	-	-	-	101,752
Expenditure By Type																	
Employee related costs		5,805	1,560	1,052		3,687	9,778	7,810			135		4,606	4,257	8,830		47,521
Remuneration of councillors		848	667	3,611	2,783												7,909
Debt impairment					529												529
Depreciation & asset impairment		96	61	79	452	105	1,073	185			2,913		97	2,452	331		7,845
Finance charges					2,841												2,841
Bulk purchases																	-
Other materials																	-
Contracted services					3,950												3,950
Transfers and grants																	-
Other expenditure		4,458	797	502	3,148	4,237	5,618	2,084			1,710		2,012	1,298	1,916	1,500	29,280
Loss on disposal of PPE																	-
Total Expenditure		11,207	3,084	5,245	13,702	8,030	16,469	10,079	-	-	4,759	-	6,715	8,007	11,077	1,500	99,874
Surplus/(Deficit)		(11,207)	(3,084)	(5,245)	83,435	(8,030)	(12,854)	(10,079)	-	-	(4,759)	-	(5,715)	(8,007)	(11,077)	(1,500)	1,878
Transfers recognised - capital																	-
Contributions recognised - capital																	-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		(11,207)	(3,084)	(5,245)	83,435	(8,030)	(12,854)	(10,079)	-	-	(4,759)	-	(5,715)	(8,007)	(11,077)	(1,500)	1,878

Table 4 MBRR Table SA3 – Supporting detail to Statement of Financial Position

DC18 Lejweleputswa - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		52,000	5,000	20,000		11,729	11,729		23,729	24,916	26,162
Other current investments > 90 days			45,000	20,000	32,000	32,000	32,000		20,000	16,000	14,000
Total Call investment deposits	2	52,000	50,000	40,000	32,000	43,729	43,729	-	43,729	40,916	40,162
Consumer debtors											
Consumer debtors		11,933	15,870	16,993	12,580	8,171	8,171		5,930	6,227	6,538
Less: Provision for debt impairment		(7,509)	(7,509)	(8,039)	(7,509)	(7,509)	(7,509)				
Total Consumer debtors	2	4,423	8,360	8,954	5,071	662	662	-	5,930	6,227	6,538
Debt impairment provision											
Balance at the beginning of the year			7,509	7,509	8,039						
Contributions to the provision				530							
Bad debts written off											
Balance at end of year		-	7,509	8,039	8,039	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (ex cl. finance leases)		35,300	95,131	102,966	8,175	102,260	102,260		102,966	108,114	113,520
Leases recognised as PPE						-	-				
Less: Accumulated depreciation	3	35,300	8,512	13,242	3,465	13,242	13,242		13,242	13,904	14,600
Total Property, plant and equipment (PPE)	2	-	86,619	89,724	4,710	89,018	89,018	-	89,724	94,210	98,921
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		1,187	1,971	1,706	1,554	-	1,554		1,706	1,792	1,881
Total Current liabilities - Borrowing		1,187	1,971	1,706	1,554	-	1,554	-	1,706	1,792	1,881
Trade and other payables											
Trade and other creditors		3,362	8,614	7,601	4,703	6,848	6,848		8,848	9,291	9,755
Unspent conditional transfers			848	667		667	667		667	700	735
VAT											
Total Trade and other payables	2	3,362	9,462	8,268	4,703	7,515	7,515	-	9,515	9,991	10,491
Non current liabilities - Borrowing											
Borrowing	4	21,253	19,891	18,338	18,337	18,337	18,337		16,784	14,996	13,411
Finance leases (including PPP asset element)		-	45								
Total Non current liabilities - Borrowing		21,253	19,936	18,338	18,337	18,337	18,337	-	16,784	14,996	13,411
Provisions - non-current											
Retirement benefits			3,407	4,728		6,308	6,308		4,728	4,964	5,213
List other major provision items											
Refuse landfill site rehabilitation											
Other			1,405	1,580					1,580	1,659	1,742
Total Provisions - non-current		-	4,813	6,308	-	6,308	6,308	-	6,308	6,624	6,955
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance			102,976	108,956	18,513	120,975	117,807		106,378	109,420	114,464
GRAP adjustments											
Restated balance		-	102,976	108,956	18,513	120,975	117,807		106,378	109,420	114,464
Surplus/(Deficit)		14,809	7,016	(253)	(1,326)	(15,787)	(14,173)		1,878	1,913	2,009
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	14,809	109,992	108,703	17,187	105,188	103,635	-	108,256	111,334	116,473
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves		32,577					-				
Revaluation											
Total Reserves	2	32,577	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	47,386	109,992	108,703	17,187	105,188	103,635	-	108,256	111,334	116,473

1.17 Municipal Manager’s quality certificate

I, Municipal Manager of Lejweleputswa District Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Lejweleputswa District Municipality (DC18)

Signature _____

Date _____
