

**Emfuleni Local Municipality  
MTREF Budget 2008/09**

SUPPORTING TABLE 4a INVESTMENT PARTICULARS BY MATURITY	Period of Investment Yrs / Months	Type of Investment	Expiry date of Investment	Monetary Value
<u>Name of Institution / Investment ID</u> Funds reinvestment deposits ABSA Standard Bank SA INCA Investec Bank Limited NRB Standard; ABSA; Nedbank; Investec	No period 2004.08.04 2000.03.07 No period No period Short Notice	Bank Guarantee Security for leases Zero Coupon Bond Old Investment (Shares) Security for DBSA Loans Call Accounts	210,000 1,000,000 31,913,153 55,000 311,951 386,594,927	420,085,031

**Notes:**

1. Investments can be demanded at short notice and therefore liquid

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SUPPORTING TABLE 5  GOVERNMENT GRANTS & SUBSIDIES - ALLOCATIONS <sup>1</sup>	Medium Term Revenue and Expenditure Framework		
	Budget Year 2008/09	Budget Year +1 2009/10	Budget Year +2 2010/11
	Budget R	Budget R	Budget R
<u>National Grant Allocations<sup>2</sup></u>			
Municipal Infrastructure Grant	-76,588,000	-89,643,000	-73,445,000
Equitable share	-292,538,000	-368,995,000	-461,628,000
Financial management grant	-500,000	-750,000	-1,000,000
Municipal Systems Improvement Grant	-735,000	-735,000	-735,000
National Electrification Programme	-1,000,000	-7,000,000	-10,000,000
Neighbourhood development grant	-51,000,000	-70,205,000	-94,130,000
<b>Sub Total - National Grant Allocations</b>	<b>-422,361,000</b>	<b>-537,328,000</b>	<b>-640,938,000</b>
<u>Provincial Grant Allocations<sup>2</sup></u>			
Intern grant	-141,000	-	-
Sports, Recreation, Arts and Culture - Recapitalisation of Libraries	-4,800,000	-5,721,000	-5,721,000
Sports, Recreation, Arts and Culture - Libraries plan	-682,000	-682,000	-682,000
<b>Sub Total - Provincial Grant Allocations</b>	<b>-5,623,000</b>	<b>-6,403,000</b>	<b>-6,403,000</b>
<u>Municipal Grant Allocations<sup>3</sup></u>			
<b>Sub Total - Municipal Grant Allocations</b>			
<b>TOTAL GRANT ALLOCATIONS</b>	<b>-427,984,000</b>	<b>-543,731,000</b>	<b>-647,341,000</b>

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PROJECTED INCOME STATEMENT	Preceding Year	Current Year		Medium Term Revenue and Expenditure Framework		
	2006/07	2007/08		Budget Year	Budget Year +1	Budget Year +2
	Audited Actual	Approved Budget	Adjusted Budget	Budget	Budget	Budget
	R	R	R	R	R	R
<b>Operating Revenue</b>						
Property rates	229,197,251	-239,675,914	239,675,914	254,535,821	-271,844,256	-290,057,822
Property rates - penalties imposed and collection charges	-52,094,850	-	-	-	-	-
Service charges - electricity revenue from tariff billings	-521,177,803	-474,459,078	-499,178,718	-570,883,163	-605,136,183	-641,439,712
Service charges - water revenue from tariff billings	-285,441,546	-299,583,193	-232,699,369	-408,000,406	-436,503,171	-466,998,265
Service charges - sanitation revenue from tariff billings	-137,540,232	-152,814,855	-152,814,855	-125,642,027	-186,531,832	-198,096,806
Service charges - refuse removal from tariff billings	-66,634,512	-64,637,787	-64,637,787	-72,115,500	-75,642,525	-79,424,651
Service charges - other	-	-97,471,750	-102,328,194	-112,624,127	-121,545,818	-126,616,140
Regional Service Levies - turnover	-	-	-	-	-	-
Regional Service Levies - remuneration	-	-	-	-	-	-
Rental of facilities and equipment	-3,750,231	-4,959,827	-5,006,827	-7,426,187	-7,889,458	-8,381,705
Interest earned - external investments	-19,887,817	-12,000,000	-12,000,000	-12,000,000	-12,000,000	-12,000,000
Interest earned - outstanding debtors	-135,279,257	-47,455,971	-47,456,271	-83,748,662	-88,957,964	-94,491,340
Dividends received	-	-	-	-	-	-
Fines	-11,942,588	-15,012,905	-15,012,905	-18,016,250	-20,016,832	-21,017,540
Licenses and permits	-2,822	-5,205	-5,205	-5,569	-5,942	-6,364
Income for agency services	-	-	-	-	-	-
Government grants & subsidies	-284,768,380	-384,567,316	-464,539,427	-494,355,066	-579,971,818	-686,516,305
Public contributions & donated or contributed PPE	-	-	-	-	-	-
Gain on disposal of property plant and equipment	-3,973,301	-90,000	-90,000	-	-	-
Other Revenue	20,783,897	-26,943,274	-30,497,054	-13,000,479	-13,626,386	-14,589,712
<b>Total Operating Revenue</b>	<b>-1,730,906,693</b>	<b>-1,819,677,075</b>	<b>-1,865,942,526</b>	<b>-2,172,353,256</b>	<b>-2,419,672,186</b>	<b>-2,639,636,360</b>
<b>Operating Expenditure</b>						
Employee related costs	349,569,729	421,099,423	435,464,796	474,305,222	510,140,964	545,094,229
Remuneration of Councillors	19,648,043	17,497,467	18,435,142	20,610,810	22,259,516	23,807,367
Bad debts	1,184,531	70,000,000	70,000,000	348,137,170	369,621,478	392,431,802
Collection costs	1,297,641	1,300,000	1,300,000	900,000	955,800	1,015,060
Depreciation	59,235,239	32,821,997	32,821,994	68,536,748	72,811,973	77,326,315
Repairs and maintenance	95,768,837	125,252,565	133,389,972	166,856,130	265,877,865	331,810,485
Interest paid	20,690,885	21,897,085	21,897,085	20,000,031	21,240,933	22,559,600
Bulk purchases - Electricity	378,474,824	384,500,000	402,510,000	425,000,000	486,393,080	515,576,669
Bulk purchases - Water	213,593,263	240,000,000	240,000,000	255,000,000	303,000,000	320,000,000
Contracted services	36,577,050	40,174,337	39,559,383	40,385,710	43,087,819	45,758,180
Grants and subsidies paid	-	-	-	-	-	-
Advertising	-	4,007,020	2,367,657	3,939,500	4,235,681	4,500,420
Audit fees	4,411,524	2,800,990	2,800,990	3,900,000	4,141,800	4,398,592
Bank charges	-	1,253,612	2,800,000	3,000,000	3,186,000	3,383,532
Communications	-	-	-	-	-	-
Insurance	-	16,630,024	18,330,024	36,182,069	39,196,117	42,393,464
Legal fees	-	1,602,540	1,602,540	2,830,000	3,583,900	4,287,948
Seminar / Conferences	-	2,593,502	3,183,029	1,929,299	2,100,920	2,275,406
Travel and Accommodation	-	-	-	-	-	-
Other Expenditure	493,424,565	436,246,513	439,479,914	300,840,568	267,838,340	303,017,293
<b>Total Operating Expenditure</b>	<b>1,673,876,131</b>	<b>1,819,677,075</b>	<b>1,865,942,526</b>	<b>2,172,353,256</b>	<b>2,419,672,186</b>	<b>2,639,636,360</b>
<b>Operating (Surplus) / Deficit for the year</b>	<b>-57,030,562</b>	<b>-0</b>	<b>-</b>	<b>0</b>	<b>-0</b>	<b>0</b>

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**Projected statement of financial position for the years 2008 - 2011**

*Appendix 9(a)*

	Actual 2006/2007	Projected BS 2007/2008	Projected BS 2008/2009	Projected BS 2009/2010	Projected BS 2010/2011
<b>NET ASSETS AND LIABILITIES</b>					
Net assets	1,213,848,036	1,537,804,235	1,980,821,259	2,148,628,006	2,388,539,517
* Capitalisation reserve	16,531,254	14,336,296	12,141,338	9,946,380	7,751,421
* Government grant reserve	432,166,701	642,029,081	816,871,643	899,094,205	1,001,744,717
Self-Insurance reserve	0	0	0	0	0
* Revaluation reserve	483,813,446	556,961,502	776,934,740	809,394,665	835,831,087
** Accumulated surplus	281,336,635	324,477,356	374,873,538	430,192,756	543,212,292
<b>Non-current liabilities</b>	<b>128,330,691</b>	<b>118,373,120</b>	<b>108,415,549</b>	<b>98,457,978</b>	<b>88,500,407</b>
Long-term liabilities	128,330,691	118,373,120	108,415,549	98,457,978	88,500,407
<b>Current liabilities</b>	<b>444,014,427</b>	<b>466,151,327</b>	<b>460,238,359</b>	<b>441,508,132</b>	<b>428,229,640</b>
Consumer deposits	24,281,164	25,519,503	27,101,712	28,402,594	29,737,516
Creditors	260,858,458	274,162,239	291,160,298	289,879,193	288,328,339
Unspent conditional grants and receipts	102,126,695	107,335,156	79,792,955	58,536,112	42,901,116
Retention creditors	6,433,136	6,761,226	7,180,422	7,525,082	7,878,761
Outstanding cheques	40,357,404	42,415,632	45,045,401	47,207,580	49,426,336
Current portion of long-term liabilities	9,957,571	9,957,571	9,957,571	9,957,571	9,957,571
<b>Total net assets and liabilities</b>	<b>1,786,193,154</b>	<b>2,122,328,682</b>	<b>2,549,475,167</b>	<b>2,688,594,116</b>	<b>2,905,269,564</b>
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>1,283,291,213</b>	<b>1,593,780,820</b>	<b>2,057,580,668</b>	<b>2,221,684,009</b>	<b>2,448,454,650</b>
*** Property, plant and equipment	1,245,512,815	1,556,002,422	2,019,802,271	2,183,905,611	2,410,676,252
Investments	37,778,398	37,778,398	37,778,398	37,778,398	37,778,398
<b>Current assets</b>	<b>502,901,942</b>	<b>528,547,862</b>	<b>491,894,498</b>	<b>466,910,106</b>	<b>456,814,914</b>
Value added tax	26,499,834	27,851,325	29,578,107	30,997,857	32,454,756
Inventory	12,423,816	13,057,431	13,866,991	14,532,607	15,215,639
Consumer debtors	173,078,810	181,905,830	164,107,458	146,186,923	130,099,052
Other debtors	30,286,482	31,831,093	33,804,621	35,427,242	37,092,323
Call investment deposits	240,970,223	253,259,705	228,617,535	216,795,497	217,905,490
Bank balances	19,602,023	20,601,726	21,879,033	22,929,227	24,006,900
Cash advances/deposits	40,753	40,753	40,753	40,753	40,753
<b>Total assets</b>	<b>1,786,193,155</b>	<b>2,122,328,682</b>	<b>2,549,475,167</b>	<b>2,688,594,115</b>	<b>2,905,269,564</b>

\*\* Assume increase in PPE with other leg in the relevant reserve.

\*\* Assume a modest increase in Accumulated surplus

\*\*\* Assume increase in PPE in line with capital expenditure allocations

NB: The projections are subject to Council future intentions which has been shown to be fluid depending on the political priorities

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	Preceding Year 2006/07	Current Year 2007/08	Medium Term Revenue and Expenditure Framework					
			Budget Year 2008/09		Budget Year +1 2009/10	Budget Year +2 2010/11		
			Audited Actual R	Approved Budget R	Budget R	Budget R		
<b>RECONCILIATION OF RESERVES AND COMMITMENTS BACKED BY CASH / INVESTMENTS</b>								
Table 9(c)								
Reserves to be backed by cash #1	281,336,635	324,477,356	374,873,538	430,192,756	543,212,292			
Capital budget creditors unpaid at year end #2	10,261,915	10,433,136	11,180,422	11,525,082	11,878,761			
<b>Total commitments</b>	<b>291,598,550</b>	<b>334,910,492</b>	<b>386,053,960</b>	<b>441,717,838</b>	<b>555,091,053</b>			
<b>Total cash and investments available</b>								
Cash/Cash equivalents at year end #3	158,486,304	123,237,644	125,248,284	119,862,362	120,956,195			
Long term investment held	37,778,398	37,778,398	37,778,398	37,778,398	37,778,398			
<b>Cash and investments available</b>	<b>196,264,702</b>	<b>161,016,042</b>	<b>163,026,682</b>	<b>157,640,760</b>	<b>158,734,593</b>			
Unfunded	95,333,848	173,894,450	223,027,278	284,077,078	396,356,460			
	<b>291,598,550</b>	<b>334,910,492</b>	<b>386,053,960</b>	<b>441,717,838</b>	<b>555,091,053</b>			

#1. Excluded Capitalisation reserve, Government grants and Revaluation reserves due to interpretation of accounting policy & modest growth

#2. Included Retention creditors and capital commitments which are projected to average around the 06/07 figures

#3. Included only funds not committed & estimation for the MTREF period

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**ANALYSIS OF PROJECTED PROPERTY, PLANT AND EQUIPMENT**

TABLE 11 CAPITAL EXPENDITURE BY CATEGORY	Preceding Year 2006/07	Current Year 2007/08		Budget Year 2008/09
	Audited Actual R	Approved Budget R	Adjusted Budget R	Budget R
<b>Land and Buildings</b>				
Land				
Buildings	180,920	6,420,000	20,050,000	4,179,000
<b>Community assets</b>				
Ambulance stations				
Care centres				
Cemeteries	8,503	2,405,000	2,405,000	650,000
Civic theatres				
Clinics/hospitals	888,015	300,000	2,532,660	
Community centres		600,000	1,000,000	3,200,000
Fire stations		6,500,000	2,679,533	
Game reseves / Rest camps				
Indoor sports	312,011			
Libraries	28,921	405,000	405,000	715,000
Museums / Art galleries				
Parks		1,950,000	638,000	
Public conveniences		200,000	2,500,000	
Recreation centres				
Paving	654,496	650,000	650,000	
Bowling greens				
Security systems	4,525,277	130,000	630,000	
Tennis courts				
Swimming pools				
Golf courses				
Jukskei pitches				
Outdoor sports facilities	22			
Lakes and dams				
Fencing				
Office buildings	117,565			
Access control		2,457,381	2,000,000	
<b>Heritage assets</b>				
Artwork				
Statues				
<b>Infrastructure</b>				
Mini dumps		9,139,076	9,877,500	
Power stations	11,880,670	220,000	1,299,330	21,050,000
Transformer kiosks		440,000		
Waste related				760,000
Load control equipment	31,033			
Switchgear equipment	741,421			
Supply / reticulation water	5,004,989	40,470,900	58,984,059	88,451,190
Mains	13,564			
Motorways	14,397,656			23,998,500
Other roads	-	4,533,402	17,479,949	
Traffic lights	-			1,125,000
Street lighting	49,100	89,805	6,521,600	1,700,000
Storm water drains	2,060,925	9,155,600	12,302,249	
Bridges, subways & culverts	-			
Car parks	-			
Bus terminals	-			
Sewers	5,906,408	3,200,000	32,251,960	3,500,000
Outfall sewers	-			
Purification works	8,342,587			
Sewer pumps	-	18,969,098	17,319,100	
Meters	1,053,344			
Mains	2,817,286	2,600,000	2,600,000	

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**ANALYSIS OF PROJECTED PROPERTY, PLANT AND EQUIPMENT**

TABLE 11 CAPITAL EXPENDITURE BY CATEGORY	Preceding Year 2006/07	Current Year 2007/08		Budget Year 2008/09
	Audited Actual R	Approved Budget R	Adjusted Budget R	Budget R
Supply / reticulation elec	29,562,681	21,251,327	20,702,270	2,100,000
Reservoirs, tanks	-			
Sedibeng assets	100,627,248			
<b>Other asset</b>				
Caravans parks				
Cinemas				
Hostels - public/tourist				
Hostels - workers				
Housing schemes				
Markets				
Office buildings	53,449	7,597,982	12,027,100	7,903,500
Old age homes	-			
Workshop/depots	-	5,500,000	1,500,000	
Household refuse bins	1,488		1,200,420	
Bulk containers	-			
Fire equipment	-			
Ambulances	-			
Fire hoses	292,964			
Chairs	167,377			
Tables / desks	239,207			
Cabinets / cupboards	92,507			
Miscellaneous	9,847,988			535,000
Fire engines	1,774,122			
Buses	-			
Motor vehicles	4,794			
Motor cycles	383,679			
Trucks / bakkies	5,478,494			
Computer hardware	1,912,676		1,500,000	8,941,500
Computer software	9,427,455	2,000,000	2,000,000	6,295,000
Office machines	266,794			
Air conditioners	233,886			
Graders	1,783,555			
Tractors	-			
Lawnmowers	63,530			
Compressors	91,759			
Laboratory equipment	691,910			
Radio equipment	68,415			
Telecommunication equipment	21,866	300,000	300,000	1,941,500
General	3,927,788	13,850,000	57,128,113	8,545,280
Lathes	-			
Milling equipment	-			
Backactor	1,565,754			
Front end loader	-			
Demineralisation plant	18,503			
Sedibeng assets	1,198,332			
<b>Neighbourhood Grant assets</b>				51,000,000
Ward based projects	1,198,332			43,000,000
Minor capital items				13,500,000
<b>TOTAL</b>	<b>230,011,268</b>	<b>161,334,571</b>	<b>290,483,843</b>	<b>293,090,470</b>

Table 12

**Changes to the Strategic Budget policy**

Page number	Point	Heading	Detail of change
13	8.1	Revenue strategies	Delete: In general the increase in tariffs should not be more than the inflation rate on average.
14	8.1.4	Framework for the Revenue Budget	Insert: The framework of the medium term framework budget period must comply with MFMA Circular 28. The example of the framework is stated below.
17	9	Capital Expenditure and Funding strategy	<p>Delete the whole section: Due to the current financial position, the council is largely dependent on external funding for capital positio.... Insert:</p> <p>Insert: Emfuleni funds its capital expenditure projects by means of internal and external funds. External funds are derived from Donations, District municipality, National and Provincial Governments. The channel of funds is invariably thorough the Division of Revenue Act or Provincial Gazette or Letters of commitment. As an example Departments like Water Affairs &amp; Forestry, Minerals &amp; Energy and Treasury contributes the funds. Savings from internally generated funds</p> <p>Insert: Internal funds are derived from savings from internally generated funds. Sources of internal funds are services income, uncommitted equitable share and other minor sources.</p> <p>Insert: Internal contribution to capital expenditure includes portions for the counter funding.</p> <p>Insert: The budget notes and other budget documentation will include information on the exact make up of the of the proposed capital expenditure and the funding strategy applicable for that applicable financial year.</p>

**Emfuleni Local Municipality**  
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**Indicators**

CORPORATE INDICATORS AND BENCHMARKS		Preceding Year	Current Year	Medium Term Revenue and Expenditure Framework		
		2006/07	2007/08	Budget Year	Budget Year +1	Budget Year +2
		Audited Actual	Approved Budget	2008/09	2009/10	2010/11
		R	R	R	R	R
Description of financial indicator	Basis of calculation					
Borrowing to Asset Ratio - Parent	Total Long term Borrowing / Total Assets	7.70%	6.00%	4.60%	4.00%	3.40%
Credit Rating		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Capital charges to operating expenditure	Interest & Principal paid / Operating Expenditure		1.70%	1.38%	1.30%	1.23%
Borrowed funding of 'own' capital expenditure	Borrowing / Capital expenditure excl. grants and contributions	127.00%	89.00%	66.42%	88.00%	68.00%
<b>Safety of Capital</b>						
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision / Funds and Reserves	47.00%	38.00%	29.00%	25.00%	22.00%
Gearing	Long term Borrowing / Funds and Reserves	11.00%	8.00%	5.00%	5.00%	4.00%
<b>Liquidity</b>						
Current Ratio	Current Assets / Current Liabilities	1.13%	1.13%	1.07%	1.06%	1.07%
Current Ratio adjusted for aged debtors	Current Assets / Current Liabilities less debtors > 90 days					
Liquidity Ratio	Monetary Assets / Current Liabilities	1.10%	1.10%	1.04%	1.02%	1.03%
<b>Revenue Management</b>						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts / Last 12 Mths Billings		68.00%	80.00%	90.00%	95.00%
Outstanding Debtors to Revenue	Total outstanding debtors to annual revenue					
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered / Total Debtors > 12 Mths Old	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<b>Creditors Management</b>						
Creditors System Efficiency	% of Creditors Paid within terms (within MFMA s 65 (e))	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<b>Funding Provisions</b>						
Provisions not funded - %	Unfunded provisions / Total provisions	33.00%	52.00%	58.00%	64.00%	71.00%
<b>Other Indicators</b>						
Electricity distribution Losses (2)	% Value (units purchased less units sold) / units purchased	-	Ave 10%	Ave 10%	-	-
Water distribution Losses (2)	% Value (units purchased less units sold) / units purchased	-	-	-	-	-
Employee Costs	Employee costs / (Total Revenue - Capital Revenue)	21.00%	24.00%	23.00%	22.00%	22.00%
Repairs and Maintenance	R&M / (Total Revenue excluding capital revenue)	6.00%	7.00%	8.00%	11.00%	13.00%
Finance Charges & Depreciation	FC&D / (Total Revenue excluding capital revenue)	5.00%	3.00%	4.00%	4.00%	4.00%
% increase in total service charges (incl. property rates)				7%		
Total billable revenue - Rm		-1,730,906,693	-1,819,677,075	-2,172,353,256	-2,419,672,186	-2,639,636,360
Capital expenditure excluding capital grant funding - Rm		100,972,944	67,436,572	163,796,400	111,767,640	129,474,305
Cash receipts from ratepayers - Rm				-1,520,218,623	-1,614,472,178	-1,714,569,453
Ratepayer and Other revenue - Rm				-2,172,353,256	-2,307,039,158	-2,450,075,585
Operating and Capital Grant Revenue - Rm		-284,768,380	-384,567,316	-494,355,066	-579,971,818	-686,516,305
Capital expenditure - total - Rm		228,812,936	161,334,572	293,090,470	284,336,640	312,770,305
Capital expenditure - renewal -Rm						
<b>Benchmarks - funding compliance</b>						
Growth guideline maximum			4.4%	4.0%	4.2%	4.7%
CPIX guideline			5.1%	6.2%	4.8%	4.7%
DoRA operating and capital grants total MFY - R'000			-381,271,016	-422,361,000	-537,328,000	-640,938,000
Provincial operating and capital grants - R'000			-3,296,300	-5,623,000	-6,403,000	-6,403,000
District Municipality grants - R'000						
Gazetted / advised national, provincial and district grants - R'000			-384,567,316	-427,984,000	-543,731,000	-647,341,000

\* Not Applicable - System not geared to provide this information.

\*\* Borrowings related to vehicle leasing contracts, not to fund capital expenditure in the true sense of the word (form over matter)