

ANNUAL BUDGET OF
**UMGUNGUNDLOVU DISTRICT
MUNICIPALITY**



2011/12 TO 2013/14
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

Copies of this document can be viewed:

- In the foyer of all municipal building
242 Langalibalele Street , PMB
- Website. www.umdmd.gov.za

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Abbreviations and Acronyms

AMR	Automated Meter Reading	kWh	kilowatt
ASGISA	Accelerated and Shared Growth Initiative	ℓ	litre
BPC	Budget Planning Committee	LED	Local Economic Development
CBD	Central Business District	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
CM	District Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		

Part 1 – Annual Budget

1.1 Mayor's Report

In his Budget Speech to Parliament on 17 February 2010, the Minister of Finance said: "We cannot expect to do the same old things and expect different results". In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave.

The uMgungundlovu District Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things slow collection rates; historic expenditure patterns and the increased pressure on our financial resources due to provision of basic services that requires major revitalisation and a general lack of "doing business smarter".

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the uMgungundlovu District. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

For the past three years, this Municipality has undergone critical stages transforming from previous financial mismanagement, successfully gone through the Turnaround phase /strategy seeking to strengthen the financial management, improvement of the internal audit controls, fast tracking the implementation of capital projects , speedy and efficient service delivery to our communities.

The auditor general's unqualified audit opinion for the previous 3 financial years has confirmed that this Municipality has emerged stronger and is taking firm and giant strides to achieve its vision of evolving into a dynamic metropolitan city by 2016.

During this period until 2016 this municipality strives to position its self as a water centric, performance orientated and results driven municipality. The main focus of this municipality for the next 5 years will be provision of basic services which mainly relates water and sanitation.

Since the take over of the water and sanitation function from the Local Municipalities, this Municipality has come a long way. A lot of money has been invested in this function. There has been challenges in efforts to increase revenues from these services and the collection thereof. Although the Municipality has continued to provide the service, this service has been running at a loss. The situation is such that, the Municipality continues to be grant reliant even though is running a supposed to be revenue generating service.

This Municipality has 66% non revenue water that is lost either through water theft or water losses.

The uMgungundlovu District has recently completed the Water Service Development Plan which highlights the water service backlogs and other strategic objects one of which is revenue enhancement.

The findings revealed that the District needs approximately R1.79 billion to be invested to undertake the water infrastructure development plan.

The intention to borrow funding from reputable finance houses is being explored and will be in compliance with section 46 of the MFMA, Act 56 of 2003.

1.2 Previous Council Resolutions

On 04 March 2011 the Council of uMgungundlovu District Municipality met in the Council Chambers of uMgungundlovu District Municipality to consider the annual budget of the municipality for the financial year 2011/12. The Council approved and adopted the following resolutions:

1. The Council of uMgungundlovu 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 2011/12 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 A2 amounting to R423 495 million and 419 318 million respectively on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4 on page 28; 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 A6 on page 30.
 - 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 A6 amounting to R101 772 million on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table A7 amounting to R25 551 million on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8 on page 34;
 - 1.2.4. Asset management as contained in Table A9 on page 36
2. The Council of uMgungundlovu District Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2011:
 - 2.1. the tariffs for the supply of water – as set out in Annexure B
 - 2.2. the tariffs for sanitation services – as set out in Annexure B
 3. The Council of uMgungundlovu District Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2011 the tariffs for other services, as set out in Annexure B
 4. To give proper effect to the municipality's annual budget, the Council of uMgungundlovu District Municipality approves:
 - 4.1. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2011/12 to 2013/14 MTREF to an amount of R1.179 billion in terms of Section 46 of the Municipal Finance Management Act.
 - 4.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

Table 1 Consolidated Overview of the 2011/12 MTREF

1.3 Executive Summary

	Adjustments Budget	Budget Year	Budget Year	Budget Year
	2010/ 2011	2011 / 2012	2012 /2013	2013 /2014
	<i>R million</i>	<i>R million</i>	<i>R million</i>	<i>R million</i>
Total Operating Revenue	445 756	498 467	551 763	576 976
Total Operating Expenditure	374 057	419 318	316 115	335 027
<i>(Surplus)/Deficit for the year</i>	71 698	79 149	235 648	241 949
Total Capital Expenditure	100 629	101 772	106 291	110 127

In view of the aforementioned, the following table is a consolidated overview of the proposed 2011/12 Medium-term Revenue and Expenditure Framework:

Total operating revenue has grown by 12 per cent for the 2011/12 financial year when compared to the 2010/11 Adjustments Budget.

Total operating expenditure for the 2011/12 financial year has been appropriated at R419 million and translates into a budgeted surplus of R25,5 million.

The capital budget of R101 million for 2011/12 is 1 per cent more when compared to the 2010/11 Adjustment Budget. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For uMgungundlovu District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;

uMgungundlovu District Municipality 2011/2012 Annual Budget and MTREF

- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs; and
- Tariff policies.

Table 2 Percentage growth in revenue by main revenue source

The following table is a summary of the 2011/12 MTREF (classified by main revenue source):

Description	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
R thousands								
Financial Performance								
Service charges	72 698 279	16	79 286 561	19	83 250 889	15	87 463 692	15
Investment revenue	4 153 000	1	5 000 000	1	5 250 000	1	5 565 000	1
Transfers recognised - operational	356 731 681	80	338 779 609	80	457 560 987	83	477 906 612	83
Other own revenue	12 172 600	3	429 278	0	5 700 742	1	6 040 686	1
Total Revenue (excluding capital transfers and contributions)	445 755 560		423 495 448		551 762 618		576 975 990	

Table 3 Operating Transfers and Grant Receipts

DC22 uMgungundlovu - Supporting Table SA18 Transfers and grant receipts

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
RECEIPTS:								
<u>Operating Transfers and Grants</u>								
National Government:	209 178	370 061	320 053	344 140	356 732	288 059	316 598	340 953
Local Government Equitable Share	-	-	-	-	-	137 524	152 488	162 276
RSC Levy Replacement	209 178	370 061	320 053	344 140	356 732	148 495	161 860	176 427
Finance Management	-	-	-	-	-	1 250	1 250	1 250
Municipal Systems Improvement	-	-	-	-	-	790	1 000	1 000
Provincial Government:	-	-	-	-	-	909	-	200
Development Planning Shared Services	-	-	-	-	-	909	-	200
District Municipality:	-	-	-	-	-	-	-	-
<i>[insert description]</i>	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	209 178	370 061	320 053	344 140	356 732	288 968	316 598	341 153
<u>Capital Transfers and Grants</u>								
National Government:	-	-	-	-	-	112 538	139 166	136 996
Municipal Infrastructure Grant (MIG)	-	-	-	-	-	85 850	104 386	110 127
Rural Transport Services and Infrastructure	-	-	-	-	-	1 688	1 780	1 869
Regional Bulk Infrastructure	-	-	-	-	-	25 000	33 000	25 000
Other capital transfers/grants [insert desc]	-	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	12 245	1 905	-
Massification Grant	-	-	-	-	-	12 245	1 905	-
District Municipality:	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	-	-	-	-	-	124 783	141 071	136 996
TOTAL RECEIPTS OF TRANSFERS & GRANTS	209 178	370 061	320 053	344 140	356 732	413 751	457 669	478 149

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the District.

National Treasury continues to encourage municipalities to keep increases in tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

1.4.1 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. uMgeni Water has increased its bulk tariffs with 6.5 per cent from 1 July 2011, which increase has been passed on to our tariff.

The District has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that current infrastructure is unlikely to sustain its long-term ability to supply water and the process of sourcing capital funding has begun. The District need to raise R1.179 billion for infrastructure upgrades for new works and full refurbishment.

A tariff increase of 6.5 per cent from 1 July 2011 for water is proposed. This is based on input cost of the cost of bulk water . In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 4 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2010/11	PROPOSED TARIFFS 2011/12
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 7 to 15 kℓ per month	7.4	7.9
(ii) 16 to 25 kℓ per month	8.04	8.6
(iii) More than 26 kℓ per month	8.68	9.2
NON-RESIDENTIAL	8.68	9.2

The tariff structure of the 2010/11 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R9.2 per kilolitre for consumption in excess of 26kℓ per 30 day month.

1.4.2 Sanitation and Impact of Tariff Increases

A tariff increase of 6.5 per cent for sanitation from 1 July 2011 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (6 kℓ water) will be applicable to registered indigents; and

The following table compares the current and proposed tariffs:

Table 5 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2010/11		PROPOSED TARIFF 2011/12	
	per cent DISCHARGED	TARIFF PER kℓ	per cent DISCHARGED	TARIFF PER kℓ
		R		R
0 – 6 kℓ per month	100	Free	100	Free
7 – 15 kℓ per month	100	4.18	100	4,45
16 – 25kℓ per month	100	4.62	100	4.92
More than 42 kℓ per month	100	5.34	100	5.69
NON-RESIDENTIAL		5.34		5.69

1.5 Operating Expenditure Framework

The District expenditure framework for the 2011/12 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- The provision of water through mobile tankers in areas where there is no reliable supply
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2011/12 budget and MTREF (classified per main type of operating expenditure):

Description	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
R thousands								
Employee costs	109 153 136.16	29.18	120 570 374.28	28.75	126 598 891.69	40.05	134 194 825.05	40.05
Remuneration of councillors	10 550 716.08	2.82	9 999 999.96	2.38	10 500 000.00	3.32	11 130 000.00	3.32
Depreciation & asset impairment	34 999 999.96	9.36	48 174 550.92	11.49	50 583 278.44	16.00	53 618 275.14	16.00
Finance charges	3 000 000.00	0.80	5 165 342.04	1.23	5 423 609.10	1.72	5 749 025.65	1.72
Materials and bulk purchases	40 385 602.08	10.80	42 161 663.88	10.05	44 269 747.07	14.00	46 925 931.90	14.01
Transfers and grants	0.00	0.00	4 637 000.00	1.11	0.00	0.00	200 000.00	0.06
Other expenditure	175 967 652.28	47.04	188 609 237.52	44.98	78 739 299.26	24.91	83 209 256.90	24.84
Total Expenditure	374 057 106.56		419 318 168.60		316 114 825.56		335 027 314.64	

The budgeted allocation for employee related costs for the 2011/11 financial year totals R120.5 million, which equals 28.8 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 8.5 per cent for the 2011/12 financial year. An annual increase of 5 per cent has been included in the two outer years of the MTREF

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

The provision of debt impairment was determined based on an annual collection rate of 55 per cent. For the 2011/11 financial year this amount equates to 37.2 million and escalates to R39.1

million by 2013/12. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R48.2 million for the 2011/12 financial and equates to 11.4 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register as well breaking each assets into component , determining its value and its useful life . This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1 per cent (5.2 million) of operating expenditure excluding annual redemption for 2011/12.

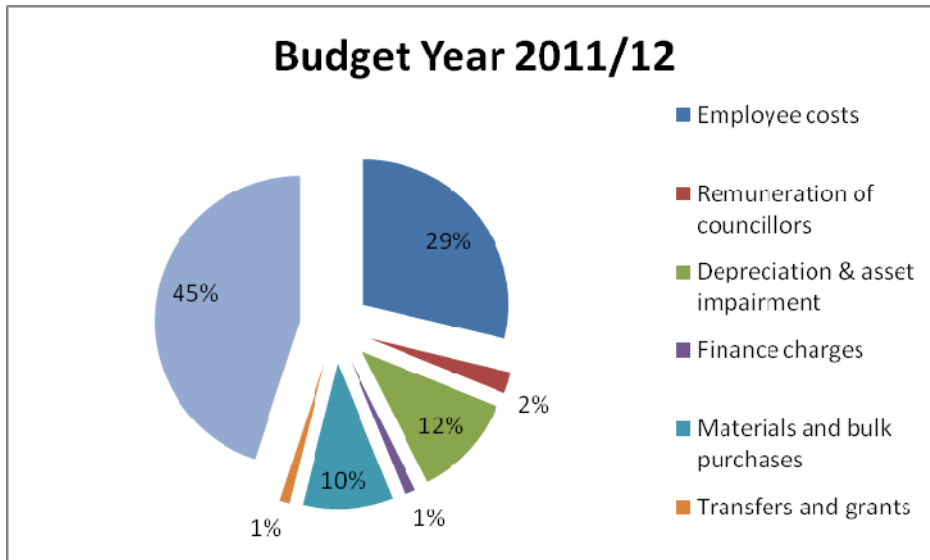
Bulk purchases are directly informed by the purchase of water from Umgeni Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Contracted services mainly comprise of provision of water by tankers as well construction of non capitaliseable project constricted by section 21 state entities.

Other expenditure comprises of various line items relating to the daily operations of the municipality.

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

The following table gives a breakdown of the main expenditure categories for the 2011/12 financial year.



1.5.1 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are encouraged to limit their water usage to 6kl failing to do so they are expected to pay for any additional usage.

2011/12 Medium-term capital budget per vote

For 2011/12 an amount of R101 million has been appropriated for the development of infrastructure which represents 99.7 per cent of the total capital budget. The total capital budget is for new works only.

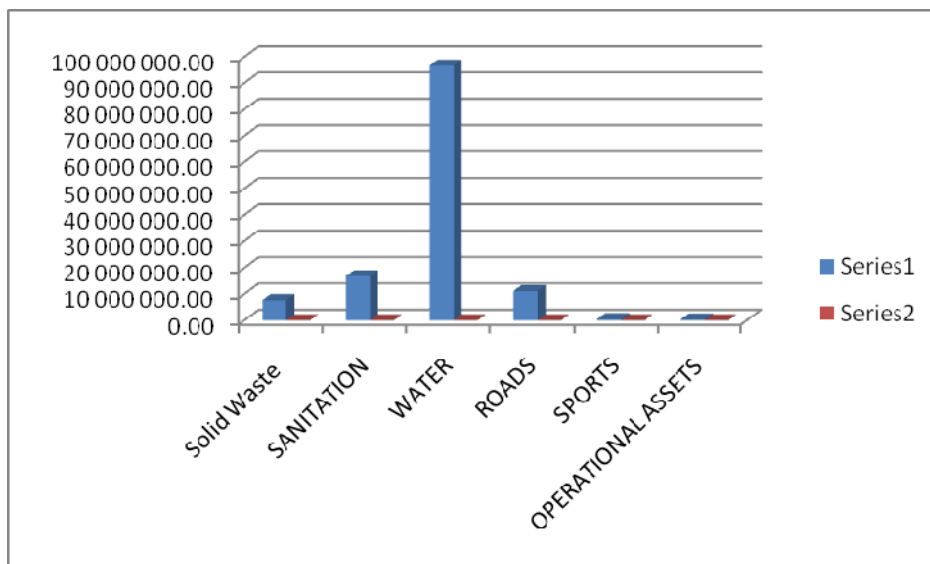
Details relating to asset classes and proposed capital expenditure is contained in the details Capital Budget attachment. In addition the attachment provides a detailed breakdown of the capital programme per project. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Upgrading and renewal of sewers – R4.8 million
- Bulk supply and backlog eradication of water - R72.2 million;
- Refurbishment and renewal of water network – R25 million;

Furthermore annexure B contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

TOTAL CAPEX INCLUDING NON CAPITALISABLE EXPENDITURE



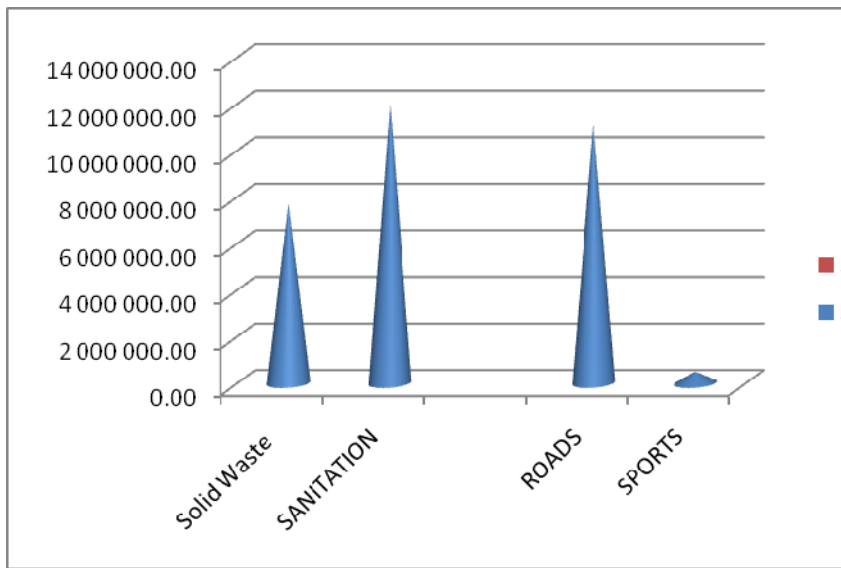
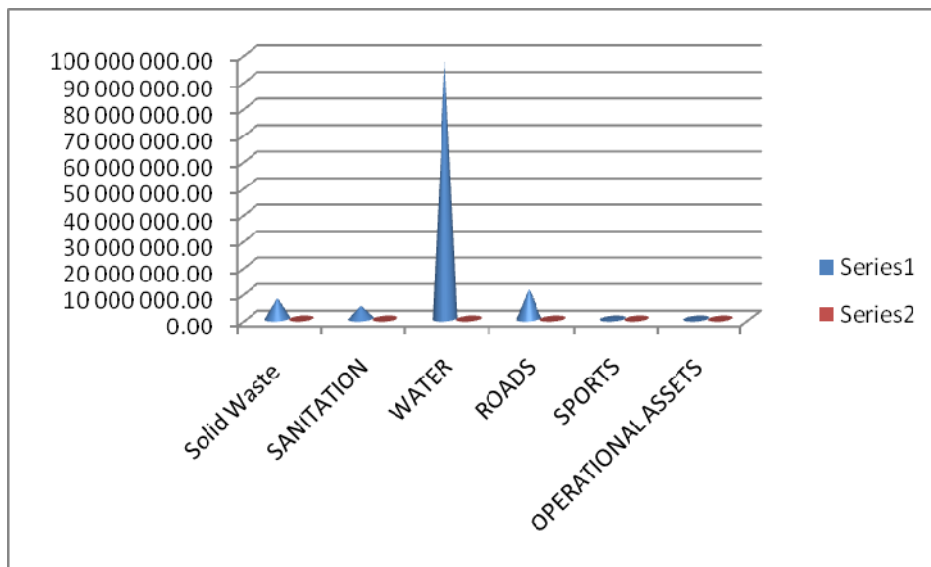


Figure 2 Capital Infrastructure Programme

CAPITALISABLE EXPENDITURE



uMgungundlovu District Municipality 2011/2012 Annual Budget and MTREF

The German Bank financed the study to turn Solid Waste into a surplus generating function. The section 78 assessment will be done when the feasibility study is completed. The function is run by Local Municipalities at a huge losses. The District contribute towards the maintenance of the Landfill sites.

1.6 Annual Budget Tables

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 2011/12 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table A1 - Budget Summary

2 uMgungundlovu - Table A1 Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	43,117	44,690	38,337	66,548	72,698	72,698	17,783	79,287	83,251	87,464
Investment revenue	4,728	6,934	7,177	3,153	4,153	4,153	1,674	5,000	5,250	5,565
Transfers recognised - operational	209,178	370,061	320,053	344,140	356,732	356,732	224,202	338,780	457,561	477,907
Other own revenue	4,396	4,029	42,294	12,173	12,173	12,173	13,234	429	5,701	6,041
Total Revenue (excluding capital transfers and contributions)	261,419	425,714	407,860	426,014	445,756	445,756	256,893	423,495	551,763	576,976
Employee costs	81,097	89,781	98,386	108,603	109,153	109,153	62,163	120,570	126,599	134,195
Remuneration of councillors	6,941	7,277	8,023	9,051	10,551	10,551	4,747	10,000	10,500	11,130
Depreciation & asset impairment	24,308	24,611	25,421	25,000	35,000	35,000	17,500	48,175	50,583	53,618
Finance charges	3,728	3,023	5,670	3,000	3,000	3,000	1,686	5,165	5,424	5,749
Materials and bulk purchases	26,972	29,151	41,244	32,386	40,386	40,386	22,013	42,162	44,270	46,926
Transfers and grants	-	-	-	-	-	-	-	4,637	-	200
Other expenditure	107,983	201,542	171,147	169,404	175,968	175,968	46,146	188,609	78,739	83,209
Total Expenditure	251,029	355,385	349,892	347,444	374,057	374,057	154,254	419,318	316,115	335,027
Surplus/(Deficit)	10,391	70,328	57,968	78,570	71,698	71,698	102,639	4,177	235,648	241,949
Transfers recognised - capital	-	-	-	-	-	-	-	74,972	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	10,391	70,328	57,968	78,570	71,698	71,698	102,639	79,149	235,648	241,949
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	10,391	70,328	57,968	78,570	71,698	71,698	102,639	79,149	235,648	241,949

uMgungundlovu District Municipality 2011/2012 Annual Budget and MTREF

Capital expenditure & funds sources										
Capital expenditure	184,221	205,065	217,199	94,055	100,629	100,629	217,720	101,772	106,291	110,127
Transfers recognised - capital	184,221	205,065	217,199	94,055	100,629	100,629	217,720	101,772	106,291	110,127
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	184,221	205,065	217,199	94,055	100,629	100,629	217,720	101,772	106,291	110,127
Financial position										
Total current assets	82,635	103,572	114,116	-	-	-	188,718	23,750	-	-
Total non current assets	132,024	174,225	192,060	96,055	105,129	105,129	184,377	101,772	106,291	110,127
Total current liabilities	57,483	67,376	62,581	-	-	-	27,301	129,418	-	-
Total non current liabilities	68,888	49,675	24,886	-	-	-	23,048	-	-	-
Community wealth/Equity	88,288	160,746	218,709	78,570	105,129	105,129	322,746	101,772	218,896	229,396
Net cash flows										
Net cash from (used) operating	131,454	79,177	6,051	103,570	109,493	127,652	92,255	127,323	176,560	179,408
Net cash from (used) investing	(184,221)	(204,863)	(216,361)	(94,055)	(97,835)	(97,835)	(217,720)	(101,772)	(103,357)	(107,017)
Net cash from (used) financing	1,070	(3,796)	(2,095)	-	-	(26,953)	(1,129)	-	-	-
Net cash/cash equivalents at the year end	(24,889)	(154,371)	(366,775)	9,515	11,658	38,308	(126,593)	25,551	98,755	171,146
Net backing/surplus reconciliation										
Cash and investments available	65,087	75,585	35,443	-	-	-	118,151	23,750	-	-
Application of cash and investments	35,072	46,083	20,208	-	-	-	(50,560)	-	-	-
Balance - surplus (shortfall)	30,015	29,502	15,235	-	-	-	168,710	23,750	-	-
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	24,308	24,611	25,421	25,000	35,000	35,000	48,175	48,175	50,583	53,618
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	368,441	410,130	434,397	188,110	201,258	201,258	435,439	435,439	99,345	106,291
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

1. Table A1 is a budget summary and provides a concise overview of the District budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been very nearly eliminated.

Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

DC22 uMgungundlovu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term R Expenditure Frame	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13
R thousand	1								
Revenue – Standard									
<i>Governance and administration</i>		193,817	307,695	337,235	213,422	225,531	225,531	293,488	322,299
Executive and council		-	715	1,579	1,017	1,017	1,017	-	-
Budget and treasury office		193,814	306,980	334,083	212,405	224,514	224,514	293,288	322,089
Corporate services		3	0	1,572	-	-	-	200	210
<i>Community and public safety</i>		704	208	-	-	-	-	-	-
Community and social services		704	208	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		26,566	102,680	70,593	17,525	18,217	18,217	13,720	1,780
Planning and development		212	32	-	750	1,442	1,442	909	-
Road transport		26,354	102,648	70,593	16,775	16,775	16,775	12,811	1,780
Environmental protection		-	-	-	-	-	-	-	-
<i>Trading services</i>		40,332	15,130	32	195,066	202,007	202,007	191,258	222,542
Electricity		-	-	-	-	-	-	-	-
Water		40,332	15,130	32	177,592	184,533	184,533	162,377	215,769
Waste water management		-	-	-	17,474	17,474	17,474	28,882	6,773
Waste management		-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	1	-	-	-	-	-
Total Revenue - Standard	2	261,419	425,714	407,860	426,014	445,756	445,756	498,467	546,621
Expenditure - Standard	-								
<i>Governance and administration</i>		197,526	259,413	186,124	94,354	102,943	102,943	201,899	211,993
Executive and council		52,231	62,722	43,818	36,112	36,520	36,520	34,448	36,170
Budget and treasury office		47,461	170,752	112,168	20,143	23,966	23,966	131,347	137,914
Corporate services		97,834	25,938	30,139	38,099	42,457	42,457	36,104	37,909
<i>Community and public safety</i>		8,062	38,840	40,773	34,356	37,381	37,381	40,267	42,281
Community and social services		1,516	21,452	16,362	13,110	13,287	13,287	13,510	14,185
Sport and recreation		3,259	2,216	8,492	1,365	1,625	1,625	3,512	3,688
Public safety		3,286	15,172	15,919	19,882	22,469	22,469	23,246	24,408
Housing		-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		259	7,702	12,301	41,546	41,675	41,675	36,632	21,649
Planning and development		93	6,111	5,760	11,369	11,397	11,397	8,116	7,567
Road transport		166	1,590	4,619	26,678	26,778	26,778	23,517	8,832
Environmental protection		-	-	1,922	3,500	3,500	3,500	5,000	5,250
<i>Trading services</i>		44,862	48,457	109,795	175,987	190,835	190,835	138,704	145,639
Electricity		543	-	578	1,600	1,600	1,600	1,054	1,107
Water		43,217	47,306	81,394	151,113	165,961	165,961	120,850	126,892
Waste water management		1,102	1,151	27,823	23,275	23,275	23,275	9,600	17,640
Waste management		-	-	-	-	-	-	7,200	-
<i>Other</i>	4	320	974	898	1,200	1,223	1,223	1,816	1,907

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Total Expenditure - Standard	3	251,029	355,385	349,892	347,444	374,057	374,057	419,318	423,470
Surplus/(Deficit) for the year		10,391	70,328	57,968	78,570	71,698	71,698	79,149	123,151

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 5 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC22 uMgungundlovu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Mec	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	
Revenue by Vote									
Vote1 - Executive & Council	1	(166)	715	1,579	1,017	1,017	1,017	-	
Vote2 - Corporate Services		3	0	1,572	-	-	-	200	
Vote3 - Finance		194,153	306,980	334,084	212,405	224,514	224,514	293,288	
Vote4 - Technical		66,513	117,778	70,625	211,842	218,783	218,783	204,070	
Vote5 - Community		916	241	-	750	1,442	1,442	909	
Vote6 - Public		-	-	-	-	-	-	-	
Example 7 - Vote7		-	-	-	-	-	-	-	
Example 8 - Vote8		-	-	-	-	-	-	-	
Example 9 - Vote9		-	-	-	-	-	-	-	
Example 10 - Vote10		-	-	-	-	-	-	-	
Example 11 - Vote11		-	-	-	-	-	-	-	
Example 12 - Vote12		-	-	-	-	-	-	-	
Example 13 - Vote13		-	-	-	-	-	-	-	
Example 14 - Vote14		-	-	-	-	-	-	-	
Example 15 - Vote15		-	-	-	-	-	-	-	
Total Revenue by Vote	2	261,419	425,714	407,860	426,014	445,756	445,756	498,467	
Expenditure by Vote to be appropriated									
Vote1 - Executive & Council	1	19,264	28,411	28,307	30,194	30,558	30,558	30,210	
Vote2 - Corporate Services		96,501	25,938	30,139	36,182	40,539	40,539	35,150	
Vote3 - Finance		49,444	170,550	112,431	22,060	23,089	23,089	129,507	
Vote4 - Technical		77,987	101,461	141,015	213,583	231,522	231,522	178,135	
Vote5 - Community		4,546	13,853	22,081	25,544	25,879	25,879	23,072	
Vote6 - Public		3,286	15,172	15,919	19,882	22,469	22,469	23,246	
Example 7 - Vote7		-	-	-	-	-	-	-	
Example 8 - Vote8		-	-	-	-	-	-	-	
Example 9 - Vote9		-	-	-	-	-	-	-	
Example 10 - Vote10		-	-	-	-	-	-	-	
Example 11 - Vote11		-	-	-	-	-	-	-	
Example 12 - Vote12		-	-	-	-	-	-	-	
Example 13 - Vote13		-	-	-	-	-	-	-	
Example 14 - Vote14		-	-	-	-	-	-	-	
Example 15 - Vote15		-	-	-	-	-	-	-	
Total Expenditure by Vote	2	251,029	355,385	349,892	347,444	374,057	374,057	419,318	
Surplus/(Deficit) for the year	2	10,391	70,328	57,968	78,570	71,698	71,698	79,149	

References

1. Insert 'Vote'; e.g. department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

check Surplus/(Deficit) for the year

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the District. This means it is possible to present the operating surplus or deficit of a vote.

Table A4 – Budgeted Financial Performance (revenue and expenditure)

DC22 uMgungundlovu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13
Revenue By Source										
Property rates	2	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	43,117	44,690	38,337	66,548	72,698	72,698	17,783	74,650	78,388
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	4,637	4,860
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-
Service charges – other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-
Interest earned - external investments		4,728	6,934	7,177	3,153	4,153	4,153	1,674	5,000	5,250
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers recognised – operational		209,178	370,061	320,053	344,140	356,732	356,732	224,202	338,780	457,500
Other revenue	2	4,396	4,029	42,294	12,173	12,173	12,173	13,234	429	5,700
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		261,419	425,714	407,860	426,014	445,756	445,756	256,893	423,495	551,700
Expenditure By Type										
Employee related costs	2	81,097	89,781	98,386	108,603	109,153	109,153	62,163	120,570	126,500
Remuneration of councillors		6,941	7,277	8,023	9,051	10,551	10,551	4,747	10,000	10,500
Debt impairment	3	47,333	15,152	6,492	30,000	30,000	30,000	13,565	37,250	39,100
Depreciation & asset impairment	2	24,308	24,611	25,421	25,000	35,000	35,000	17,500	48,175	50,500
Finance charges		3,728	3,023	5,670	3,000	3,000	3,000	1,686	5,165	5,420
Bulk purchases	2	26,972	29,151	41,244	32,386	40,386	40,386	22,013	42,162	44,200
Other materials	8	-	-	-	-	-	-	-	-	-
Contracted services		7,146	143,661	104,920	45,650	46,650	46,650	15,903	26,935	28,500
Transfers and grants		-	-	-	-	-	-	-	4,637	-
Other expenditure	4, 5	53,503	42,528	58,897	93,755	96,524	96,524	16,678	124,424	111,000
Loss on disposal of PPE		-	202	838	-	2,794	2,794	-	-	-

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Total Expenditure		251,029	355,385	349,892	347,444	374,057	374,057	154,254	419,318	316,1
Surplus/(Deficit)		10,391	70,328	57,968	78,570	71,698	71,698	102,639	4,177	235,6
Transfers recognised - capital		-	-	-	-	-	-	-	74,972	-
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		10,391	70,328	57,968	78,570	71,698	71,698	102,639	79,149	235,6
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		10,391	70,328	57,968	78,570	71,698	71,698	102,639	79,149	235,6
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		10,391	70,328	57,968	78,570	71,698	71,698	102,639	79,149	235,6
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		10,391	70,328	57,968	78,570	71,698	71,698	102,639	79,149	235,6

Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source

DC22 uMgungundlovu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated	2									
Vote1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote2 - Corporate Services		29,714	30,284	30,710	2,500	2,135	2,135	31,197	-	-
Vote3 - Finance		536	1,025	2,597	60,625	67,564	67,564	2,631	-	-
Vote4 - Technical		153,970	173,756	183,891	29,930	29,930	29,930	183,891	-	106,000
Vote5 - Community		-	-	-	-	-	-	-	-	-
Vote6 - Public		-	-	-	1,000	1,000	1,000	-	-	-
Example 7 - Vote7		-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	184,221	205,065	217,199	94,055	100,629	100,629	217,720	-	106,000
Single-year expenditure to be appropriated	2									
Vote1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote2 - Corporate Services		29,714	30,284	30,710	2,500	2,135	2,135	31,197	300	-
Vote3 - Finance		536	1,025	2,597	60,625	67,564	67,564	2,631	-	-
Vote4 - Technical		153,970	173,756	183,891	29,930	29,930	29,930	183,891	101,472	-
Vote5 - Community		-	-	-	-	-	-	-	-	-
Vote6 - Public		-	-	-	1,000	1,000	1,000	-	-	-
Example 7 - Vote7		-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		184,221	205,065	217,199	94,055	100,629	100,629	217,720	101,772	-
Total Capital Expenditure - Vote		368,441	410,130	434,397	188,110	201,258	201,258	435,439	101,772	106,000
Capital Expenditure - Standard										
Governance and administration		30,250	31,309	33,307	63,125	69,699	69,699	33,828	300	-
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		536	1,025	2,597	60,625	67,564	67,564	2,631	-	-
Corporate services		29,714	30,284	30,710	2,500	2,135	2,135	31,197	300	-
Community and public safety		-	-	-	1,000	1,000	1,000	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1,000	1,000	1,000	-	-	-

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Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		153,970	173,756	183,891	29,930	29,930	29,930	183,891	101,472	106,221
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	9,510	24,470	24,470	24,470	9,510	96,677	104,187
Waste water management		153,970	173,756	174,381	5,460	5,460	5,460	174,381	4,795	1,944
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	184,221	205,065	217,199	94,055	100,629	100,629	217,720	101,772	106,221
Funded by:										
National Government		184,221	205,065	217,199	94,055	100,629	100,629	217,720	89,527	106,221
Provincial Government									12,245	
District Municipality										
Other transfers and grants										
Transfers recognised - capital	4	184,221	205,065	217,199	94,055	100,629	100,629	217,720	101,772	106,221
Public contributions & donations	5									
Borrowing	6									
Internally generated funds										
Total Capital Funding	7	184,221	205,065	217,199	94,055	100,629	100,629	217,720	101,772	106,221

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 programmes are funded from national and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses.

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DC22 uMgungundlovu - Table A6 Budgeted Financial Position

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13
ASSETS										
Current assets										
Cash		67,743	75,585	35,443	-	-	-	118,151	-	-
Call investment deposits	1	-	-	-	-	-	-	-	23,750	-
Consumer debtors	1	13,783	20,218	40,768	-	-	-	42,050	-	-
Other debtors		1,109	7,769	37,905	-	-	-	28,518	-	-
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-
Inventory	2	-	-	-	-	-	-	-	-	-
Total current assets		82,635	103,572	114,116	-	-	-	188,718	23,750	-
Non current assets										
Long-term receivables		-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	132,024	174,225	192,060	96,055	105,129	105,129	184,377	101,772	101,772
Agricultural		-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-
Total non current assets		132,024	174,225	192,060	96,055	105,129	105,129	184,377	101,772	101,772
TOTAL ASSETS		214,659	277,797	306,176	96,055	105,129	105,129	373,095	125,522	101,772
LIABILITIES										
Current liabilities										
Bank overdraft	1	2,655	-	-	-	-	-	-	-	-
Borrowing	4	5,147	5,124	2,193	-	-	-	2,193	-	-
Consumer deposits		2,409	3,453	3,835	-	-	-	3,805	129,418	-
Trade and other payables	4	47,272	58,798	56,553	-	-	-	21,303	-	-
Provisions		-	-	-	-	-	-	-	-	-
Total current liabilities		57,483	67,376	62,581	-	-	-	27,301	129,418	-
Non current liabilities										
Borrowing		25,288	20,470	20,925	-	-	-	19,826	-	-
Provisions		43,601	29,205	3,961	-	-	-	3,222	-	-
Total non current liabilities		68,888	49,675	24,886	-	-	-	23,048	-	-
TOTAL LIABILITIES		126,371	117,050	87,467	-	-	-	50,349	129,418	-
NET ASSETS	5	88,288	160,746	218,709	96,055	105,129	105,129	322,746	(3,896)	101,772
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		(6,517)	18,588	55,305	78,570	105,129	105,129	159,342	101,772	211,772
Reserves	4	94,805	142,158	163,404	-	-	-	163,404	-	-
Minorities' interests		-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	88,288	160,746	218,709	78,570	105,129	105,129	322,746	101,772	211,772

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 66 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;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 – Budgeted Cash Flow Statement

DC22 uMgungundlovu - Table A7 Budgeted Cash Flows

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		190,335	35,625	29,944	78,721	84,871	163,544	39,122	79,714	83,714
Government – operating	1	209,178	370,061	320,053	344,140	356,732	356,732	224,202	338,780	457,143
Government – capital	1	-	-	-	-	-	-	-	74,972	-
Interest		4,728	6,934	7,177	3,153	4,153	4,153	1,674	5,000	5,200
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(269,060)	(330,420)	(345,452)	(319,444)	(333,263)	(393,777)	(171,057)	(361,341)	(364,529)
Finance charges		(3,728)	(3,023)	(5,670)	(3,000)	(3,000)	(3,000)	(1,686)	(5,165)	(5,424)
Transfers and Grants	1	-	-	-	-	-	-	-	(4,637)	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		131,454	79,177	6,051	103,570	109,493	127,652	92,255	127,323	176,323
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	202	838	-	2,794	2,794	-	-	2,996
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(184,221)	(205,065)	(217,199)	(94,055)	(100,629)	(100,629)	(217,720)	(101,772)	(106,291)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(184,221)	(204,863)	(216,361)	(94,055)	(97,835)	(97,835)	(217,720)	(101,772)	(103,357)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		5,147	-	455	-	-	-	-	-	-
Increase (decrease) in consumer deposits		9	1,045	381	-	-	(3,835)	(30)	-	-
Payments										
Repayment of borrowing		(4,086)	(4,840)	(2,931)	-	-	(23,118)	(1,099)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		1,070	(3,796)	(2,095)	-	-	(26,953)	(1,129)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(51,697)	(129,483)	(212,404)	9,515	11,658	2,865	(126,593)	25,551	73,271
Cash/cash equivalents at the year begin:	2	26,809	(24,889)	(154,371)	-	-	35,443	-	-	25,551
Cash/cash equivalents at the year end:	2	(24,889)	(154,371)	(366,775)	9,515	11,658	38,308	(126,593)	25,551	98,822

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DC22 uMgungundlovu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13
Cash and investments available										
Cash/cash equivalents at the year end	1	(24,889)	(154,371)	(366,775)	9,515	11,658	38,308	(126,593)	25,551	98,755
Other current investments > 90 days		89,976	229,957	402,219	(9,515)	(11,658)	(38,308)	244,744	(1,801)	(98,755)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-
Cash and investments available:		65,087	75,585	35,443	-	-	-	118,151	23,750	-
Application of cash and investments										
Unspent conditional transfers		23,125	6,706	10,856	-	-	-	(1,295)	-	-
Unspent borrowing										
Statutory requirements	2									
Other working capital requirements	3	11,947	39,377	9,352	-	-	-	(49,265)	-	-
Other provisions										
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5									
Total Application of cash and investments:		35,072	46,083	20,208	-	-	-	(50,560)	-	-
Surplus(shortfall)		30,015	29,502	15,235	-	-	-	168,710	23,750	-

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

Example supporting calculations only below (municipalities to adjust to suit their circumstances)

Other working capital estimate

Current debtors collected in 30 days	34,216	11,652	9,296	-	-	-	42,050	-	-
Other debtors collected in 30 days	1,109	7,769	37,905	-	-	-	28,518	-	-
Creditors due in 30 days	(47,272)	(58,798)	(56,553)	-	-	-	(21,303)	-	-
Total	(11,947)	(39,377)	(9,352)	-	-	-	49,265	-	-

Debtors collection assumptions

Balance outstanding - consumer debtors	13,783	20,218	40,768	-	-	-	42,050	-	-
Estimate of consumers debtors collection rate	248%	58%	23%	0%	7%	100%	100%	100%	94%
Balance outstanding - other debtors	1,109	7,769	37,905	-	-	-	28,518	-	-
Estimate of other debtors > 90 days	0%	0%	0%	0%	0%	0%	0%	0%	0%

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 the District improved significantly over the 2007/08 to 2009/10 period owing directly to strict expenditure control with a intention of formulating a cash backed reserve.
4. The 2011/12 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals 25.5 million as at the end of the 2011/12 financial

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”.

Table A9 – Asset Management

DC22 uMgungundlovu - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13
CAPITAL EXPENDITURE									
<u>Total New Assets</u>	1	368,441	410,130	434,397	188,110	201,258	201,258	101,772	106,291
Infrastructure - Road transport		-	-	-	-	-	-	-	-
Infrastructure – Electricity		-	-	-	-	-	-	-	-
Infrastructure – Water		-	-	-	-	-	-	96,677	104,386
Infrastructure – Sanitation		-	-	-	-	-	-	4,795	1,905
Infrastructure – Other		184,221	205,065	217,199	94,055	100,629	100,629	-	-
Infrastructure		184,221	205,065	217,199	94,055	100,629	100,629	101,472	106,291
Community		-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-
Other assets	6	184,221	205,065	217,199	94,055	100,629	100,629	300	-
Agricultural Assets		-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-

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<i>Infrastructure - Road transport</i>		-	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-
Total Capital Expenditure	4								
<i>Infrastructure - Road transport</i>		-	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	-	-	-	96,677	104,386	
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	4,795	1,905	
<i>Infrastructure - Other</i>		184,221	205,065	217,199	94,055	100,629	100,629	-	
Infrastructure		184,221	205,065	217,199	94,055	100,629	100,629	101,472	106,291
Community		-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-
Other assets		184,221	205,065	217,199	94,055	100,629	100,629	300	-
Agricultural Assets		-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	368,441	410,130	434,397	188,110	201,258	201,258	101,772	106,291
ASSET REGISTER SUMMARY - PPE (WDV)	5								
<i>Infrastructure - Road transport</i>									
<i>Infrastructure - Electricity</i>									
<i>Infrastructure - Water</i>									
<i>Infrastructure - Sanitation</i>									
<i>Infrastructure - Other</i>									
Infrastructure		-	-	-	-	-	-	-	-
Community									
Heritage assets									
Investment properties		-	-	-	-	-	-	-	-
Other assets									
Agricultural Assets		-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	-	-	-	-	-
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment		24,308	24,611	25,421	25,000	35,000	35,000	48,175	50,583
Repairs and Maintenance by Asset Class	3	368,441	410,130	434,397	188,110	201,258	201,258	435,439	99,345
<i>Infrastructure - Road transport</i>		-	-	-	725	1,450	1,450	1,500	1,575
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	-	23,125	24,125	24,125	40,000	42,000
<i>Infrastructure - Sanitation</i>		-	-	-	9,477	9,477	9,477	3,300	3,465
<i>Infrastructure - Other</i>		-	-	-	-	-	-	-	-
Infrastructure		-	-	-	33,327	35,052	35,052	44,800	47,040
Community		-	-	-	-	-	-	-	-

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Heritage assets		-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-
Other assets	6, 7	368,441	410,130	434,397	154,783	166,206	166,206	390,639	52,305
TOTAL EXPENDITURE OTHER ITEMS		392,749	434,741	459,818	213,110	236,258	236,258	483,614	149,928

Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The District could not meet both these recommendations because of lack of sufficient internal funding hence capital raising initiatives has begun.

Table A10 – Basic Service Delivery Measurement

2011/2012 uMgungundlovu - Table A10 Basic service delivery measurement

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Household service targets (000)	1									
<i>Water:</i>										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<i>Sanitation/sewerage:</i>										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<i>Energy:</i>										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										

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<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-
<i>Use:</i>									
Removed at least once a week									
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7								
Water (6 kilolitres per household per month)									
Sanitation (free minimum level service)									
Electricity/other energy (50kwh per household per month)									
Refuse (removed at least once a week)									
Total cost of Free Basic Services provided (R'000)	8								
Water (6 kilolitres per household per month)									
Sanitation (free sanitation service)									
Electricity/other energy (50kwh per household per month)									
Refuse (removed once a week)									
Total cost of FBS provided (minimum social package)		-	-	-	-	-	-	-	-
Highest level of free service provided									
Property rates (R value threshold)									
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
Revenue cost of free services provided (R'000)	9								
Property rates (R15 000 threshold rebate)									
Property rates (other exemptions, reductions and rebates)									
Water									
Sanitation									
Electricity/other energy									
Refuse									
Municipal Housing - rental rebates									
Municipal Housing - top structure subsidies	6								
Other									
Total revenue cost of free services provided (total social package)		-	-	-	-	-	-	-	-

1. The District continues to make good progress with the eradication of backlogs:
 - a. Water services – backlog will be reduced by over 1000 households in 2011/12 to just 700 households. These households are largely found in ‘reception areas’ and will need to be moved to formal areas so that they can receive services.
 - b. Sanitation services – backlog will be reduced by over 2000 households over the MTREF. The number of households with no toilet provision will be reduced by 1000 households in 2011/12.
2. It is anticipated that these Free Basic Services will cost the municipality R9.1 million in 2011/12. This is covered by the municipality’s equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Finance portfolio committee chair .

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

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

2.1.1 Budget Process Overview

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

The Mayor tabled in Council the required the IDP and budget time schedule on 18 August 2010. Key dates applicable to the process were:

- **Sept 2010** – IDP Sub Committee to discuss status quo with all Local Municipalities and submit framework plan to COGTA
- **15 December 2010** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations
- **January 2011** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **28 January 2011** - Council considers the 2010/11 Mid-year Review and Adjustments Budget;
- **February 2011** – Multi-year budget proposals are submitted to the Finance Committee for recommendation to EXCO
- **04 March 2011** - Tabling in Council of the draft 2011/12 IDP and 2011/12 MTREF for public consultation;
- **April 2011** – Public consultation;
- **April 2011** – finalisation of the 2011/12 IDP and 2011/12 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **30 June 2011** - Tabling of the 2011/12 MTREF before Council for consideration and approval.

There was a deviation on the date of Budget approval due to election risk. The budget was initially planned to be approved at the end of June 2011 but the date has been revised to 29 April 2011. The council approved the deviation on the 28th of January 2011.

2.1.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2011/12 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2011/12 MTREF:

- District growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt,

- migration patterns)
- Performance trends
- The approved 2010/11 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

2.1.3 Community Consultation

The draft 2011/12 MTREF as tabled before Council on 04 March 2011 for community consultation was published on the municipality's website.

Ward Committees were utilised to facilitate the community consultation process from 02 to 10 April 2011, and included five public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 300 was recorded per meeting. This is up on the previous year's process.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2011/12 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Several complaints were received regarding poor service delivery, especially the state of road infrastructure;
- The affordability of tariff increases was raised on numerous occasions.
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- There is a need for the district to expand on revenue generating functions so it .
- could reduce grant dependency.
-

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the

resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the District, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the District strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the District response to these requirements.

Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue

DC22 uMgungundlovu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			Budget 2010/11
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	
R thousand									
Service Charges								72,698	
Interest Earned- External Investments			43,117	44,690	38,337	66,548	72,698	4,153	
Transfers Recognised - Operational			4,728	6,934	7,177	3,153	4,153		
Other Revenue			209,178	370,061	320,053	344,140	356,732	356,732	3
			4,396	4,029	42,294	12,173	12,173	12,173	
Total Revenue (excluding capital transfers and contributions)		1	261,419	425,714	407,860	426,014	445,756	445,756	4

Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure

DC22 uMgungundlovu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Ref	2007/8	2008/9	2009/10	Cur
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget
R thousand						
Basic Service Delivery and Infrastructure Development	Efficient and functional infrastructure					
Financial Viability and Financial Management	Financially sound Municipality					
Municipal Transformation and Institutional Development	Systems Improvement					
Good Governance, Community Participation and Ward Committee Systems	Transparent, consultative municipality					
Local Economic Development, and Social Programmes	Addressing of poverty, and creating a vibrant economy. Development of Special Social Programmes					

				1	-	-	-	-
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SA 6 – Reconciliation between the IDP strategic objectives and budgeted capital expenditure

DC22 uMgungundlovu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Expenditure		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year 2011/12	
R thousand												
Basic Service Delivery and Infrastructure Development	Number of Households with access to basic levels of water	A									96,677	
	Number of Households with access to basic levels of sanitation	B									4,795	
	Solid Waste Management	C									7,200	
	Roads	D									-	
	Sports	E									-	
	Operational Assets	F									300	
		G										
		H										
		I										

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		J									
		K									
		L									
		M									
		N									
		O									
		P									
		Q									
			1	-	-	-	-	-	-	-	108,972

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the District has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

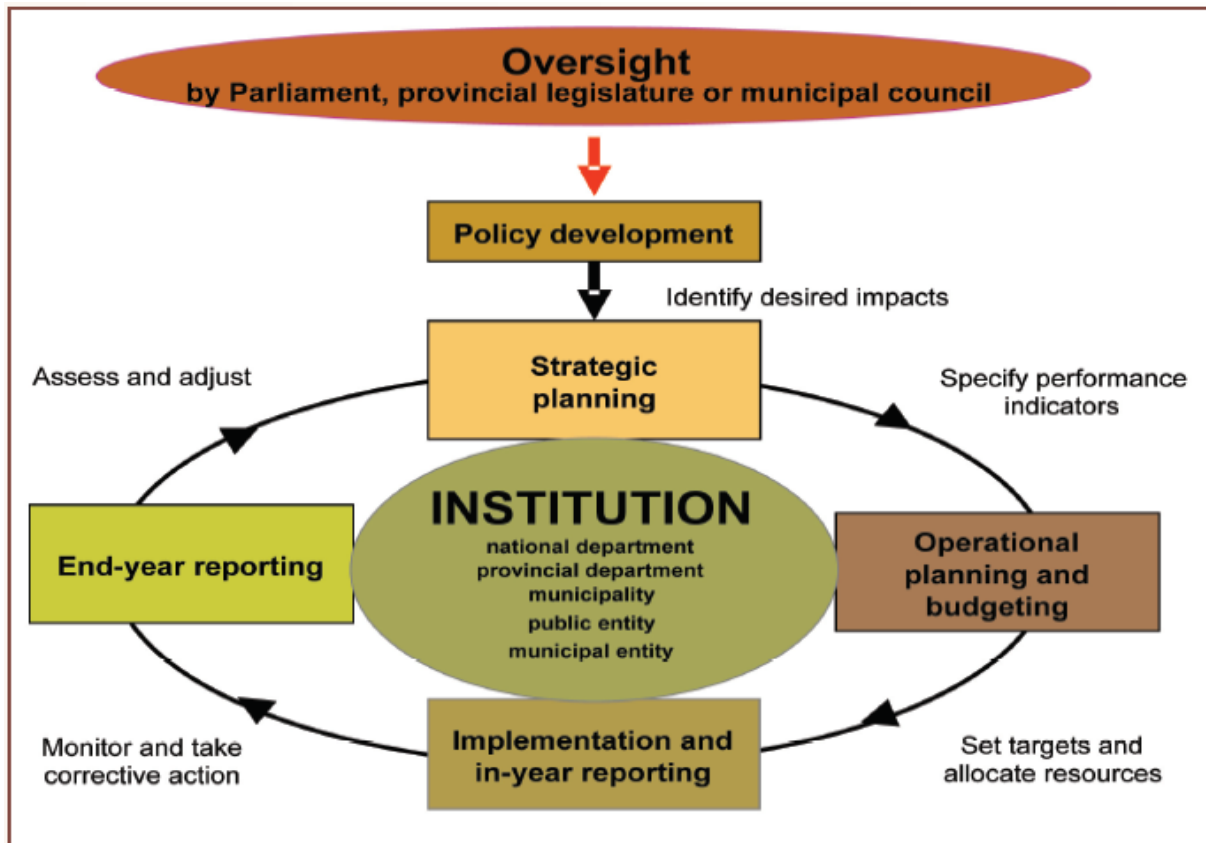


Figure 3 Planning, budgeting and reporting cycle

The performance of the District relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The District therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the District in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

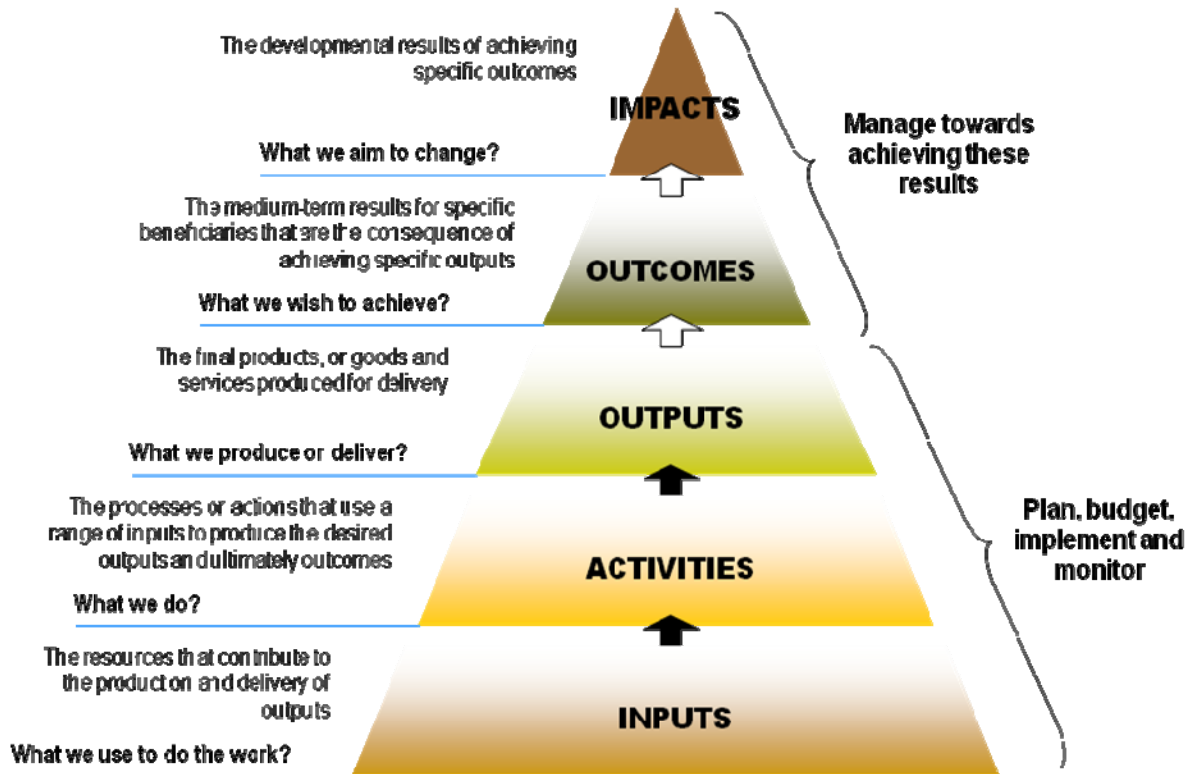


Figure 4 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table SA7 – Measurable performance objectives

DC22 uMgungundlovu - Supporting Table SA7 Measurable performance objectives

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Forecast
Vote 1- Office of the Municipal Manager	% Achievement	75%	80.0%	100.0%	2091020.0%		
Function 1 – IDP							
<i>Compliant, integrated and aligned IDPs for the District implemented</i>							

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Function 2- Water Services Authority							
<i>Water and sanitation services administered and regulated</i>	% Achievement	35%	60.0%	72.0%	1604980.0%		
Function 3 - Internal Audit							
<i>Effective internal audit service provided in the District</i>	% Achievement	25%	61.0%	90.0%	894474.0%		
Function 4 - Performance Management							
<i>The UMDM transformed into a performance driven organisation</i>	% Achievement	53.30%	87.5%	56.2%	6417779.0%		
Function 4 - Communications and Marketing							
<i>Enhanced image of the District Municipality</i>	% Achievement	N/A	70.0%	50.0%	?		
Vote 2 - Corporate Services							
Function 1 - Human Resources							
<i>District Municipality evolved into an employer of choice</i>	% Achievement	33.3%	75.2%	82.8%	3092628.0%		
Function 2 - Administration and Sound Governance							
Sub-function 1 - General Administration							
<i>Standard of admin and auxiliary support improved</i>	% Achievement	50.0%	64.7%	83.3%	14449655.0%		
Sub-function 2 - Fleet Management							
<i>Standard of fleet management improved</i>	% Achievement	Part of the 50.0%	Part of the 64.7%	Part of the 83.3%	3156872.0%		
Sub-function 3 - Property Services							
<i>Completion of 5 safety and maintenance projects</i>	% Achievement	Part of the 50.0%	Part of the 64.7%	Part of the 83.3%	6193451.0%		
Vote 3 - Financial Services							
Function 1 - Expenditure							
<i>Improved expenditure control</i>	% Achievement	55.0%	97.5%	100.0%	4413453.0%		
Function 2 - Budgeting and Reporting							
<i>Improved standards of budgeting and reporting</i>	% Achievement	93.5%	81.2%	94.0%	9284508.0%		
Function 3 - Income Control							
<i>Improved revenue collection</i>	% Achievement	53.5%	70.3%	42.0%	6194576.0%		
Function 2 - Supply Chain Management							
<i>Efficient, effective and economical supply chain management services</i>	% Achievement	52.5%	72.5%	90.0%	1917607.0%		
Vote 4 - Technical Services							
Function 1 – Water							
<i>Improved access to water</i>	% Achievement	58.4%	55.4%	16.5%	141210722.0%		
Function 2 – Sanitation							
<i>Improved access to basic levels of sanitation</i>	% Achievement	55.0%	76.9%	51.4%	9902000.0%		
Function 3 - Solid Waste Management							
<i>Integrated and optimised waste management procedures followed</i>	% Achievement	100.0%	43.3%	37.6%	9385090.0%		
Function 4 - Cemeteries and Crematoria							
<i>Improved access to cemeteries and crematoria</i>	% Achievement	Nil	61.4%	29.7%	1400000.0%		
Function 5 - Roads and Storm Water							
<i>Improved road network and storm water controls</i>	% Achievement	89.7%	90.6%	70.0%	1450000.0%		
Function 6 - Sports and recreation facilities							
<i>Improved access to sports facilities</i>	% Achievement	62.5%	53.7%	36.6%	Nil		

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Vote 5 - Community Services						
Function 1 - LED						
<i>Conducive environment for a vibrant local economy created</i>	% Achievement	100.0%	97.5%	27.5%	6483898.0%	
Function 2 - Tourism Development						
<i>Increased number of tourists in the District</i>	% Achievement	80.0%	98.5%	66.2%	1200000.0%	
Function 3 - Development Planning						
<i>Sustainable environmental management promoted throughout the District</i>	% Achievement	37.5%	23.4%	39.5%	2480358.0%	
Function 4 - GIS						
<i>Strategic decisions informed by accurate geographic information</i>	% Achievement	20.0%	N/A	60.0%	1904580.0%	
Function 5 - Fire and Emergency Services						
<i>Lives and properties protected by providing an efficient and effective Emergency Services</i>	% Achievement	52.0%	53.2%	62.5%	19881576.0%	
Function 6 - Disaster Management						
<i>Risk of disasters reduced and effective action taken during disasters</i>	% Achievement	21.2%	45.0%	45.0%	8609869.0%	
Function 7 - Environmental Health						
<i>Environmental health in the District systematically improved</i>	% Achievement	Nil	10.0%	Nil	3500000.0%	
Function 8 - HIV and Aids						
<i>HIV and Aids responses effectively managed throughout the District</i>	% Achievement	90.0%	N/A	68.0%	500000.0%	
Function 9 - Gender, Disabilities, Snr Citizens and Children						
<i>Human rights of Snr Citizens, Women, Disabled and Children respected</i>	% Achievement	10.0%	N/A	31.8%	Nil	
Function 10 - Arts and Culture						
<i>Arts and culture promoted throughout the District</i>	% Achievement	Nil	N/A	N/A	600000.0%	
Function 11 - Sports and Recreation						
<i>Sports and recreation promoted throughout the District</i>	% Achievement	Nil	N/A	N/A	1365000.0%	
Function 12 - Youth Development						
<i>Coordinated and mainstreamed District Youth Development Programme implemented</i>	% Achievement	10.0%	58.0%	13.3%	Nil	
Function 13 - Special Projects						
<i>Socio economic development in the District promoted</i>	% Achievement	28.5%	N/A	N/A	Nil	

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DC22 uMgungundlovu - Entities measureable performance objectives

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Forecast
Entity 1 - (name of entity)							
<i>Insert measure/s description</i>							
Entity 2 - (name of entity)							
<i>Water and sanitation services administered and regulated</i>							
Entity 3 - (name of entity)							
<i>Water and sanitation services administered and regulated</i>							
And so on for the rest of the Entities							

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The following table sets out the municipalities main performance objectives and benchmarks for the 2011/2012 MTREF.

Table SA8 – Performance indicators and benchmarks

DC22 uMgungundlovu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
<u>Borrowing Management</u>								
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	11.8%	7.4%	6.8%	0.0%	0.0%	0.0%	5.3%
Credit Rating								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.1%	2.2%	2.5%	0.9%	0.8%	7.0%	1.8%
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%
<u>Safety of Capital</u>								
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	143.1%	72.8%	40.0%	0.0%	0.0%	0.0%	15.6%
Gearing	Long Term Borrowing/ Funds & Reserves	26.7%	14.4%	12.8%	0.0%	0.0%	0.0%	12.1%
<u>Liquidity</u>								
Current Ratio	Current assets/current liabilities	1.4	1.5	1.8	-	-	-	6.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.5	1.8	-	-	-	6.9
Liquidity Ratio	Monetary Assets/Current Liabilities	1.2	1.1	0.6	-	-	-	4.3
<u>Revenue Management</u>								
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		400.6%	73.1%	37.1%	37.1%	37.1%	37.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	5.7%	6.6%	19.3%	0.0%	0.0%	0.0%	27.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old							
<u>Creditors Management</u>								
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))							
<u>Funding of Provisions</u>								
Provisions not funded - %	Unfunded Provs./Total Provisions							
<u>Other Indicators</u>								
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated							

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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)	31.0%	21.1%	24.1%	25.5%	24.5%	24.5%	24.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33.0%	24.9%	28.2%	30.6%	30.1%	30.1%	
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.7%	6.5%	7.6%	6.6%	8.5%	8.5%	7.5%
<u>IDP regulation financial viability indicators</u>		-						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.4	5.5	27.8	19.7	19.7	19.7	6.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	34.5%	62.6%	205.2%	0.0%	0.0%	0.0%	396.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(1.7)	(6.4)	(16.6)	0.5	0.6	1.9	(12.7)

2.3.1 Providing clean water and managing waste water

The District is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 95 per cent of the District's bulk water needs are provided directly by uMgeni Water in the form of purified water. The remaining 5 per cent is generated from the District own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Umgeni Water and the District were awarded Blue Drop status in 2010/11, indicating that the District drinking water is of exceptional quality.

Waste water treatment works were awarded Green Drop status in 2010/11, indicating that these plants consistently meet waste water treatment standards of exceptional quality. The plant were selected on random basis. In spite of positive result of the selected plants the majority of plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2011/12 medium term capital budget.

The following is briefly the main challenges facing the District in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel; and
- The Technical Division is working in consultation with the Department of Water Affairs to address training needs.

2.4 Overview of budget related-policies

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

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in September 2007 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher

collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2011/12 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 55 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the District cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

The District will be embarking on the meter audit exercise as a strategy to improve on billing as well as payment of services

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the District revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the District continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the District system of delegations. The Budget and Virement Policy was approved by Council in June 2010 and is being reviewed to be approved in April 2011.

The District Cash Management and Investment Policy was approved by Council in September 2007. The aim of the policy is to ensure that the District surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.6 Tariff Policies

The District tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy was approved on September 2007.

2.5

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the District finances.

2.5.2 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 general inflationary outlook and the impact on District residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 27.7 per cent of total operating expenditure in the 2011/11 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

2.5.3 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. Year three is an across the board increase of 8.54 per cent.

2.5.4 Impact of national, provincial and local policies

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

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

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.

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

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2011/12 MTREF of which performance has been factored into the cash flow budget.

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DC22 uMgungundlovu - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2007/8	2008/9	2009/10	Current Year 2011/12	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
R thousand						
Parent municipality						
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						
Municipal Bonds						
Municipality sub-total	1	-	-	-	-	-
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		-	-	-	-	-
Consolidated total:		-	-	-	-	-

References
 1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

check investment balance

- - - - -

SA16 – Investment particulars by maturity

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DC22 uMgungundlovu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest realised
		Yrs/Months			Rand thousand	
Parent municipality						
ABSA		3 months	Short term	20 April 2011	5,000	
Standard Bank		3 months	Short term	28 April 2011	5,000	
FNB		1 year	Fixed	03 August 2011	3,750	
Investec Bank		3 months	Short term	24 April 2011	5,000	
Nedbank		3 months	Short term	10 May 2011	5,000	
Municipality sub-total					23,750	
Entities						
Entities sub-total					-	
TOTAL INVESTMENTS AND INTEREST					23,750	

Table SA 17 - Detail of borrowings

DC22 uMgungundlovu - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Me
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12
Parent municipality								
Long-Term Loans (annuity/reducing balance)								

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Long-Term Loans (non-annuity)		25,288	20,470	20,925				19,826
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								
Municipality sub-total	1	25,288	20,470	20,925	-	-	-	19,826
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	25,288	20,470	20,925	-	-	-	19,826

Table SA 18 - Capital transfers and grant receipts

DC22 uMgungundlovu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2007/8	2008/9	2009/10	Original Budget
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget
R thousand					

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RECEIPTS:	1, 2				
<u>Operating Transfers and Grants</u>					
National Government:		209,178	370,061	320,053	344,140
Local Government Equitable Share		-	-	-	-
RSC Levy Replacement		209,178	370,061	320,053	344,140
Finance Management		-	-	-	-
Municipal Systems Improvement		-	-	-	-
		-	-	-	-
		-	-	-	-
Provincial Government:		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
Development Planning Shared Services		-	-	-	-
District Municipality:		-	-	-	-
<i>[insert description]</i>		-	-	-	-
		-	-	-	-
Other grant providers:		-	-	-	-
<i>[insert description]</i>		-	-	-	-
		-	-	-	-
Total Operating Transfers and Grants	5	209,178	370,061	320,053	344,140
<u>Capital Transfers and Grants</u>					
National Government:		-	-	-	-
Municipal Infrastructure Grant (MIG)		-	-	-	-
Rural Transport Services and Infrastructure		-	-	-	-
Regional Bulk Infrastructure		-	-	-	-
		-	-	-	-
Other capital transfers/grants <i>[insert desc]</i>		-	-	-	-
Provincial Government:		-	-	-	-
Massification Grant		-	-	-	-
District Municipality:		-	-	-	-
<i>[insert description]</i>		-	-	-	-

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		-	-	-	-
Other grant providers:		-	-	-	-
[insert description]		-	-	-	-
		-	-	-	-
Total Capital Transfers and Grants	5	-	-	-	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS		209,178	370,061	320,053	344,140

2.5.6 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 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table A7 – Budgeted Cash Flow Statement

DC22 uMgungundlovu - Table A7 Budgeted Cash Flows

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										

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Ratepayers and other		190,335	35,625	29,944	78,721	84,871	163,544	39,122	79,714	83,7
Government - operating	1	209,178	370,061	320,053	344,140	356,732	356,732	224,202	338,780	457,
Government - capital	1	-	-	-	-	-	-	-	74,972	
Interest		4,728	6,934	7,177	3,153	4,153	4,153	1,674	5,000	5,2
Dividends		-	-	-	-	-	-	-	-	
Payments										
Suppliers and employees		(269,060)	(330,420)	(345,452)	(319,444)	(333,263)	(393,777)	(171,057)	(361,341)	(364,529)
Finance charges		(3,728)	(3,023)	(5,670)	(3,000)	(3,000)	(3,000)	(1,686)	(5,165)	(5,424)
Transfers and Grants	1	-	-	-	-	-	-	-	(4,637)	
NET CASH FROM/(USED) OPERATING ACTIVITIES		131,454	79,177	6,051	103,570	109,493	127,652	92,255	127,323	176,
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	202	838	-	2,794	2,794	-	-	2,9
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	
Payments										
Capital assets		(184,221)	(205,065)	(217,199)	(94,055)	(100,629)	(100,629)	(217,720)	(101,772)	(106,291)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(184,221)	(204,863)	(216,361)	(94,055)	(97,835)	(97,835)	(217,720)	(101,772)	(103,357)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	
Borrowing long term/refinancing		5,147	-	455	-	-	-	-	-	
Increase (decrease) in consumer deposits		9	1,045	381	-	-	(3,835)	(30)	-	
Payments										
Repayment of borrowing		(4,086)	(4,840)	(2,931)	-	-	(23,118)	(1,099)	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES		1,070	(3,796)	(2,095)	-	-	(26,953)	(1,129)	-	
NET INCREASE/ (DECREASE) IN CASH HELD		(51,697)	(129,483)	(212,404)	9,515	11,658	2,865	(126,593)	25,551	73,2
Cash/cash equivalents at the year begin:	2	26,809	(24,889)	(154,371)	-	-	35,443	-	-	25,5
Cash/cash equivalents at the year end:	2	(24,889)	(154,371)	(366,775)	9,515	11,658	38,308	(126,593)	25,551	98,7

2.5.7 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 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?

Table A8 – Cash backed reserves / accumulated surplus reconciliation

DC22 uMgungundlovu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13
Cash and investments available										
Cash/cash equivalents at the year end	1	(24,889)	(154,371)	(366,775)	9,515	11,658	38,308	(126,593)	25,551	98,755
Other current investments > 90 days		89,976	229,957	402,219	(9,515)	(11,658)	(38,308)	244,744	(1,801)	(98,755)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-
Cash and investments available:		65,087	75,585	35,443	-	-	-	118,151	23,750	-
Application of cash and investments										
Unspent conditional transfers		23,125	6,706	10,856	-	-	-	(1,295)	-	-
Unspent borrowing										
Statutory requirements	2									
Other working capital requirements	3	11,947	39,377	9,352	-	-	-	(49,265)	-	-
Other provisions										
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5									
Total Application of cash and investments:		35,072	46,083	20,208	-	-	-	(50,560)	-	-
Surplus(shortfall)		30,015	29,502	15,235	-	-	-	168,710	23,750	-

Example supporting calculations only below (municipalities to adjust to suit their circumstances)

Other working capital estimate

Current debtors collected in 30 days	34,216	11,652	9,296	-	-	-	42,050	-	-
Other debtors collected in 30 days	1,109	7,769	37,905	-	-	-	28,518	-	-
Creditors due in 30 days	(47,272)	(58,798)	(56,553)	-	-	-	(21,303)	-	-
Total	(11,947)	(39,377)	(9,352)	-	-	-	49,265	-	-

Debtors collection assumptions

Balance outstanding - consumer debtors	13,783	20,218	40,768	-	-	-	42,050	-	-
Estimate of consumers debtors collection rate	248%	58%	23%	0%	7%	100%	100%	100%	94%

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Balance outstanding - other debtors	1,109	7,769	37,905	-	-	-	28,518	-	-
Estimate of other debtors > 90 days	0%	0%	0%	0%	0%	0%	0%	0%	0%
<u>Long term investments committed</u>									
Balance (<i>Insert description; eg sinking fund</i>)									

SA10 – Funding compliance measurement

DC22 uMgungundlovu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2007/8	2008/9	2009/10	Current Year 2010/11		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<u>Funding measures</u>	-	-						
Cash/cash equivalents at the year end - R'000	18(1)b	1	(24,889)	(154,371)	(366,775)	9,515	11,658	38,000
Cash + investments at the yr end less applications - R'000	18(1)b	2	30,015	29,502	15,235	-	-	-
Cash year end/monthly employee/supplier payments	18(1)b	3	(1.7)	(6.4)	(16.6)	0.5	0.6	-
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	10,391	70,328	57,968	78,570	71,698	71,698
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(2.4%)	(20.2%)	67.6%	3.2%	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	248.2%	57.6%	22.8%	0.1%	7.3%	100.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	109.8%	33.9%	16.9%	45.1%	41.3%	41.3%
Capital payments % of capital expenditure	18(1)c;19	8	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	2.8%	0.0%	0.2%	0.0%	0.0%	0.0%

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Grants % of Govt. legislated/gazetted allocations	18(1)a	10						
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	87.9%	181.1%	(100.0%)	0.0%	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	279.1%	235.4%	226.2%	195.8%	191.4%	191.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Supporting indicators								
% incr <i>total service charges (incl prop rates)</i>	18(1)a	-	-	3.6%	(14.2%)	73.6%	9.2%	0.0%
% incr Property Tax	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - electricity revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - water revenue	18(1)a			3.6%	(14.2%)	73.6%	9.2%	0.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%
% incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		43,117	44,690	38,337	66,548	72,698	72,698
Service charges			43,117	44,690	38,337	66,548	72,698	72,698
Property rates			-	-	-	-	-	-
Service charges - electricity revenue			-	-	-	-	-	-
Service charges - water revenue			43,117	44,690	38,337	66,548	72,698	72,698
Service charges - sanitation revenue			-	-	-	-	-	-
Service charges - refuse removal			-	-	-	-	-	-
Service charges - other			-	-	-	-	-	-
Rental of facilities and equipment			-	-	-	-	-	-
Capital expenditure excluding capital grant funding			184,221	205,065	217,199	94,055	100,629	100,629
Cash receipts from ratepayers	18(1)a		190,335	35,625	29,944	78,721	84,871	163,596
Ratepayer & Other revenue	18(1)a		47,513	48,719	80,631	78,721	84,871	84,871
Change in consumer debtors (current and non-current)			29,158	13,094	50,686	(78,673)	(78,673)	(78,673)
Operating and Capital Grant Revenue	18(1)a		209,178	370,061	320,053	344,140	356,732	356,732
Capital expenditure - total	20(1)(vi)		184,221	205,065	217,199	94,055	100,629	100,629
Capital expenditure - renewal	20(1)(vi)		-	-	-	-	-	-
Supporting benchmarks								
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPIX guideline			4.3%	3.9%	4.6%	5.2%	5.2%	5.2%
DoRA operating grants total MFY								
DoRA capital grants total MFY								
Provincial operating grants								
Provincial capital grants								
District Municipality grants								
Total gazetted/advised national, provincial and district grants								
Average annual collection rate (arrears inclusive)								

DoRA operating

List operating grants

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Equitable Share
Municipal Systems Improvement Grant
Financial Management Grant

DoRA capital

<i>List capital grants</i>
Municipal Infrastructure Grant
Regional Bulk Infrastructure

Trend								
Change in consumer debtors (current and non-current)			29,158	13,094	50,686	(8,106)	-	
Total Operating Revenue			261,419	425,714	407,860	426,014	445,756	445,756
Total Operating Expenditure			251,029	355,385	349,892	347,444	374,057	374,057
Operating Performance Surplus/(Deficit)			10,391	70,328	57,968	78,570	71,698	71,698
Cash and Cash Equivalents (30 June 2012)								
Revenue								
% Increase in Total Operating Revenue				62.8%	(4.2%)	4.5%	4.6%	0.0%
% Increase in Property Rates Revenue				0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Electricity Revenue				0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Property Rates & Services Charges				3.6%	(14.2%)	73.6%	9.2%	0.0%
Expenditure								
% Increase in Total Operating Expenditure				41.6%	(1.5%)	(0.7%)	7.7%	0.0%
% Increase in Employee Costs				10.7%	9.6%	10.4%	0.5%	0.0%
% Increase in Electricity Bulk Purchases				0.0%	0.0%	0.0%	0.0%	0.0%
Average Cost Per Budgeted Employee Position (Remuneration)					207566.1075	226728.8856		
Average Cost Per Councillor (Remuneration)					200583.316	226267.902		
R&M % of PPE			279.1%	235.4%	226.2%	195.8%	191.4%	191.4%
Asset Renewal and R&M as a % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt Impairment % of Total Billable Revenue			109.8%	33.9%	16.9%	45.1%	41.3%	41.3%
Capital Revenue								
Internally Funded & Other (R'000)			-	-	-	-	-	-
Borrowing (R'000)			-	-	-	-	-	-
Grant Funding and Other (R'000)			184,221	205,065	217,199	94,055	100,629	100,629
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Capital Expenditure								
Total Capital Programme (R'000)			184,221	205,065	217,199	94,055	100,629	100,629
Asset Renewal			-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash								
Cash Receipts % of Rate Payer & Other			248.2%	57.6%	22.8%	0.1%	7.3%	100.0%
Cash Coverage Ratio			(0)	(0)	(0)	0	0	
Borrowing								
Borrowing to Asset Ratio			11.8%	7.4%	6.8%	0.0%	0.0%	0.0%

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Credit Rating (2009/10)							
Capital Charges to Operating		3.1%	2.2%	2.5%	0.9%	0.8%	7.0%
Borrowing Receipts % of Capital Expenditure		2.8%	0.0%	0.2%	0.0%	0.0%	0.0%
Reserves							
Surplus/(Deficit)		30,015	29,502	15,235	-	-	
Free Services							
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
High Level Outcome of Funding Compliance							
Total Operating Revenue		261,419	425,714	407,860	426,014	445,756	445,756
Total Operating Expenditure		251,029	355,385	349,892	347,444	374,057	374,057
Surplus/(Deficit) Budgeted Operating Statement		10,391	70,328	57,968	78,570	71,698	71,698
Surplus/(Deficit) Considering Reserves and Cash Backing		40,406	99,830	73,203	78,570	71,698	71,698
MTREF Funded (1) / Unfunded (0)		1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		✓	✓	✓	✓	✓	✓

2.6 Expenditure on grants and reconciliation of unspent funds

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SA19 – Expenditure on transfers and grant programmes

DC22 uMgungundlovu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13
R thousand									
EXPENDITURE:	1								
Operating expenditure of Transfers and Grants									
National Government:		-	-	-	-	-	-	287,789	316,598
Local Government Equitable Share								137,254	152,488
RSC Levy Replacement								148,495	161,860
Finance Management								1,250	1,250
Municipal Systems Improvement								790	1,000
Provincial Government:		-	-	-	-	-	-	909	-
Development Planning Shared Services								909	
District Municipality:		-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Other grant providers:		-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Total operating expenditure of Transfers and Grants:		-	-	-	-	-	-	288,698	316,598
Capital expenditure of Transfers and Grants									
National Government:		-	-	-	-	-	-	112,538	139,166
Municipal Infrastructure Grant (MIG)								85,850	104,386
Rural Transport Services and Infrastructure								1,688	1,780
Regional Bulk Infrastructure								25,000	33,000
Provincial Government:		-	-	-	-	-	-	12,245	1,905
Massification Grant								12,245	1,905
District Municipality:		-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Other grant providers:		-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	124,783	141,071
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	413,481	457,669

SA20 – Reconciliation between of transfers, grant receipts and unspent funds

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22 uMgungundlovu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Operating transfers and grants:										
National Government:	1,3									
Balance unspent at beginning of the year										
Current year receipts								287,789	316,598	340,953
Conditions met - transferred to revenue		-	-	-	-	-	-	287,789	316,598	340,953
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts								909		200
Conditions met - transferred to revenue		-	-	-	-	-	-	909	-	200
Conditions still to be met - transferred to liabilities										
District Municipality:										
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		-	-	-	-	-	-	288,698	316,598	341,153
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:										
National Government:	1,3									
Balance unspent at beginning of the year										
Current year receipts								112,538	139,166	136,996
Conditions met - transferred to revenue		-	-	-	-	-	-	112,538	139,166	136,996
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts								12,245	1,905	
Conditions met - transferred to revenue		-	-	-	-	-	-	12,245	1,905	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
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		-	-	-	-	-	-	124,783	141,071	136,996
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	413,481	457,669	478,149
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.7 Councillor and employee benefits

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SA22 – Summary of councillor and staff benefits

DC22 uMgungundlovu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2007/8
R thousand		Audited Outcome
-	1	A
<u>Councillors (Political Office Bearers plus Other)</u>		
Salary		6,941
Pension Contributions		-
Medical Aid Contributions		-
Motor vehicle allowance		-
Cell phone allowance		-
Housing allowance		-
Other benefits or allowances		-
In-kind benefits		-
Sub Total - Councillors		6,941
% increase	4	
<u>Senior Managers of the Municipality</u>	2	
Salary		-
Pension Contributions		-
Medical Aid Contributions		-
Motor vehicle allowance		-
Cell phone allowance		-
Housing allowance		-
Performance Bonus		-
Other benefits or allowances		-
In-kind benefits		-
Sub Total - Senior Managers of Municipality		-
% increase	4	
<u>Other Municipal Staff</u>		
Basic Salaries and Wages		50,050
Pension Contributions		8,584
Medical Aid Contributions		2,013
Motor vehicle allowance		954
Cell phone allowance		52
Housing allowance		466

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Overtime		2,210
Performance Bonus		3,614
Other benefits or allowances		3,995
In-kind benefits		576
Sub Total - Other Municipal Staff		72,514
% increase	4	
Total Parent Municipality		79,455
<u>Board Members of Entities</u>		
Salary		6,941
Pension Contributions		-
Medical Aid Contributions		-
Motor vehicle allowance		-
Cell phone allowances		-
Housing allowance		-
Board Fees		-
Other benefits and allowances		-
In-kind benefits		-
Sub Total - Board Members of Entities		6,941
% increase	4	
<u>Senior Managers of Entities</u>		
Salary		-
Pension Contributions		-
Medical Aid Contributions		-
Motor vehicle allowance		-
Cell phone allowances		-
Housing allowance		-
Performance Bonus		-
Other benefits or allowances		-
In-kind benefits		-
Sub Total - Senior Managers of Entities		-
% increase	4	
<u>Other Staff of Entities</u>		
Basic Salaries and Wages		-
Pension Contributions		-

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Medical Aid Contributions		-
Motor vehicle allowance		-
Cell phone allowances		-
Housing allowance		-
Overtime		-
Performance Bonus		-
Other benefits or allowances		-
In-kind benefits		-
Sub Total - Other Staff of Entities		-
% increase	4	
Total Municipal Entities		6,941
TOTAL SALARY, ALLOWANCES & BENEFITS		86,396
% increase	4	
TOTAL MANAGERS AND STAFF	5	72,514

SA23 – Salaries, allowances and benefits (political office bearers/councillors/senior managers)

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Rand per annum	4						
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Councillors	5		271,347	69,146	162,805		
Speaker			274,620	65,742	131,406		
Chief Whip			371,056	82,761	169,224		
Executive Mayor			293,907	69,146	138,970		
Deputy Executive Mayor			732,319	175,313	350,416		
Executive Committee			2,440,607	718,306	1,475,205		
Total for all other councillors	9	-	4,383,856	1,180,414	2,428,026		
Total Councillors							
	6						
Senior Managers of the Municipality			805,296	10,670	140,000	-	
Municipal Manager (MM)			464,805	109,812	354,824	-	
Chief Finance Officer			686,605	9,385	127,707	-	
Deputy City Manager - Governance			686,605	9,385	127,707	-	
Deputy City Manager - Procurement & Infrastructure			686,605	9,385	127,707	-	
Deputy City Manager - Health, Safety & Social Issues			686,605	9,385	127,707	-	
Deputy City Manager - Corporate & Human Resources							
<i>List of each official with packages >= senior manager</i>			-	-	-	-	
			-	-	-	-	
			-	-	-	-	
Total Senior Managers of the Municipality	9	-	4,016,521	158,022	1,005,652	-	-
A Heading for Each Entity	7, 8						
List each member of board by designation			-	-	-	-	

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	9	-	-	-	-	-	-
Total for municipal entities							
		-	8,400,377	1,338,436	3,433,678	-	-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION							

SA24 – Summary of personal numbers

DC22 uMgungundlovu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2009/10		
	1,2	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities				
Councillors (Political Office Bearers plus Other Councillors)		40	11	29
Board Members of municipal entities	4			
Municipal employees	5			
Municipal Manager and Senior Managers	3	26	24	2
Other Managers	7	14	14	14
Professionals		275	256	-
<i>Finance</i>		150	131	-
<i>Spatial/town planning</i>		8	8	-
<i>Information Technology</i>				
<i>Roads</i>				
<i>Electricity</i>				
<i>Water</i>		117	117	-
<i>Sanitation</i>				
<i>Refuse</i>				
<i>Other</i>		142	142	-
Technicians	9	9	9	-
<i>Finance</i>				
<i>Spatial/town planning</i>				
<i>Information Technology</i>				
<i>Roads</i>		2	2	-
<i>Electricity</i>		6	6	-
<i>Water</i>				
<i>Sanitation</i>		1	1	-
<i>Refuse</i>				
<i>Other</i>		13	13	-
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		519	469	45
% increase				
Total municipal employees headcount	6			
Finance personnel headcount	8			
Human Resources personnel headcount	8			

2.8 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 – Budgeted monthly revenue and expenditure

DC22 uMgungundlovu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2011/12										
		July	August	Sept.	October	November	December	January	February	March	April	
R thousand												
Revenue By Source	-											
Property rates		-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		6,607	6,607	6,607	6,607	6,607	6,607	6,607	6,607	6,607	6,607	6,607
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments		417	417	417	417	417	417	417	417	417	417	417
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		33,726	33,726	33,726	33,726	33,726	33,726	33,726	33,726	33,726	33,726	33,726
Other revenue		36	36	36	36	36	36	36	36	36	36	36
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		40,786	40,786	40,786	40,786	40,786	40,786	40,786	40,786	40,786	40,786	40,786
Expenditure By Type	-											
Employee related costs		10,048	10,048	10,048	10,048	10,048	10,048	10,048	10,048	10,048	10,048	10,048
Remuneration of councillors		833	833	833	833	833	833	833	833	833	833	833
Debt impairment		3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104	3,104
Depreciation & asset impairment		4,015	4,015	4,015	4,015	4,015	4,015	4,015	4,015	4,015	4,015	4,015
Finance charges		430	430	430	430	430	430	430	430	430	430	430
Bulk purchases							3,513	3,513	3,513	3,513	3,513	3,513

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		3,513	3,513	3,513	3,513	3,513					
Other materials		-	-	-	-	-	-	-	-	-	-
Contracted services		4,733	4,733	4,733	4,733	4,733	4,733	4,733	4,733	4,733	
Transfers and grants		-	-	-	-	-	-	-	-	-	
Other expenditure		7,958	7,958	7,958	7,958	7,958	7,958	7,958	7,958	7,958	
Loss on disposal of PPE		233	233	233	233	233	233	233	233	233	
Total Expenditure		34,867	34,867	34,867	34,867	34,867	34,867	34,867	34,867	34,867	3
Surplus/(Deficit)		5,918	5,918	5,918	5,918	5,918	5,918	5,918	5,918	5,918	
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	
Contributed assets		-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		5,918	5,918	5,918	5,918	5,918	5,918	5,918	5,918	5,918	
Taxation		-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	5,918	5,918	5,918	5,918	5,918	5,918	5,918	5,918	5,918	

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SA26 – Budgeted monthly revenue and expenditure (municipal vote)

DC22 uMgungundlovu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2011/12										
		July	August	Sept.	October	November	December	January	February	March	April	
R thousand												
Revenue by Vote	-											
Vote1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-
Vote2 - Corporate Services		17	17	17	17	17	17	17	17	17	17	17
Vote3 - Finance		24,453	24,453	24,453	24,453	24,453	24,453	24,453	24,453	24,453	24,453	24,453
Vote4 - Technical		16,316	16,316	16,316	16,316	16,316	16,316	16,316	16,316	16,316	16,316	16,316
Vote5 - Community		-	-	-	-	-	-	-	-	-	-	-
Vote6 - Public		-	-	-	-	-	-	-	-	-	-	-
Example 7 - Vote7												
Example 8 - Vote8												
Example 9 - Vote9												
Example 10 - Vote10												
Example 11 - Vote11												
Example 12 - Vote12												
Example 13 - Vote13												
Example 14 - Vote14												
Example 15 - Vote15												
Total Revenue by Vote		40,786	40,786	40,786	40,786	40,786	40,786	40,786	40,786	40,786	40,786	40,786
Expenditure by Vote to be appropriated	-											
Vote1 - Executive & Council		2,518	2,518	2,518	2,518	2,518	2,518	2,518	2,518	2,518	2,518	2,518
Vote2 - Corporate Services		2,929	2,929	2,929	2,929	2,929	2,929	2,929	2,929	2,929	2,929	2,929
Vote3 - Finance		10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792
Vote4 - Technical		13,145	13,145	13,145	13,145	13,145	13,145	13,145	13,145	13,145	13,145	13,145
Vote5 - Community		1,906	1,906	1,906	1,906	1,906	1,906	1,906	1,906	1,906	1,906	1,906
Vote6 - Public		752	752	752	752	752	752	752	752	752	752	752
Example 7 - Vote7												
Example 8 - Vote8												
Example 9 - Vote9												
Example 15 - Vote15												
Total Expenditure by Vote		32,042	32,042	32,042	32,042	32,042	32,042	32,042	32,042	32,042	32,042	32,042

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Surplus/(Deficit) before assoc.		8,744	8,744	8,744	8,744	8,744	8,744	8,744	8,744	8,744	8,744
Surplus/(Deficit)	1	8,744	8,744	8,744	8,744	8,744	8,744	8,744	8,744	8,744	8,744

SA27 – Budgeted monthly revenue and expenditure (standard classification)

DC22 uMgungundlovu - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2011/12									
		July	August	Sept.	October	November	December	January	February	March	April
R thousand											
Revenue – Standard	-										
<i>Governance and administration</i>		23,771	23,771	23,771	23,771	23,771	23,771	23,771	23,771	23,771	23,771
Executive and council		-	-	-	-	-	-	-	-	-	-
Budget and treasury office		24,220	24,220	24,220	24,220	24,220	24,220	24,220	24,220	24,220	24,220
Corporate services		(449)	(449)	(449)	(449)	(449)	(449)	(449)	(449)	(449)	(449)
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		141	141	141	141	141	141	141	141	141	141
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		141	141	141	141	141	141	141	141	141	141
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		16,175	16,175	16,175	16,175	16,175	16,175	16,175	16,175	16,175	16,175
Electricity		-	-	-	-	-	-	-	-	-	-
Water		15,551	15,551	15,551	15,551	15,551	15,551	15,551	15,551	15,551	15,551
Waste water management		625	625	625	625	625	625	625	625	625	625
Waste management		-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Revenue – Standard		40,087	40,087	40,087	40,087	40,087	40,087	40,087	40,087	40,087	40,087
Expenditure – Standard	-										
<i>Governance and administration</i>		16,592	16,592	16,592	16,592	16,592	16,592	16,592	16,592	16,592	16,592
Executive and council		2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871
Budget and treasury office		10,713	10,713	10,713	10,713	10,713	10,713	10,713	10,713	10,713	10,713
Corporate services		3,009	3,009	3,009	3,009	3,009	3,009	3,009	3,009	3,009	3,009
<i>Community and public safety</i>		3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356
Community and social services		1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126
Sport and recreation		293	293	293	293	293	293	293	293	293	293
Public safety		1,937	1,937	1,937	1,937	1,937	1,937	1,937	1,937	1,937	1,937
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2,977	2,977	2,977	2,977	2,977	2,977	2,977	2,977	2,977	2,977
Planning and development		601	601	601	601	601	601	601	601	601	601
Road transport		1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960
Environmental protection		417	417	417	417	417	417	417	417	417	417
<i>Trading services</i>		11,559	11,559	11,559	11,559	11,559	11,559	11,559	11,559	11,559	11,559
Electricity		88	88	88	88	88	88	88	88	88	88

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Water		10,071	10,071	10,071	10,071	10,071	10,071	10,071	10,071	10,071	10,071
Waste water management		1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Waste management		-	-	-	-	-	-	-	-	-	-
Other		151	151	151	151	151	151	151	151	151	151
Total Expenditure – Standard		34,635	34,635	34,635	34,635	34,635	34,635	34,635	34,635	34,635	34,635
Surplus/(Deficit) before assoc.		5,453	5,453	5,453	5,453	5,453	5,453	5,453	5,453	5,453	5,453
Share of surplus/ (deficit) of associate											
Surplus/(Deficit)	1	5,453	5,453	5,453	5,453	5,453	5,453	5,453	5,453	5,453	5,453

Table SA28 – Budgeted monthly capital expenditure (municipal vote)

DC22 uMgungundlovu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	R thousand				
		July	August	Sept.	October	Nov.
<u>Multi-year expenditure to be appropriated</u>	1					
Vote1 - Executive & Council		-	-	-	-	-
Vote2 - Corporate Services		-	-	-	-	-
Vote3 - Finance		-	-	-	-	-
Vote4 - Technical		-	-	-	-	-
Vote5 - Community		-	-	-	-	-
Vote6 - Public		-	-	-	-	-
Example 7 - Vote7						
Example 8 - Vote8						
Example 9 - Vote9						
Example 10 - Vote10						
Example 11 - Vote11						
Example 12 - Vote12						
Example 13 - Vote13						
Example 14 - Vote14						
Example 15 - Vote15						
Capital multi-year expenditure sub-total	2	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u>						
Vote1 - Executive & Council		-	-	-	-	-
Vote2 - Corporate Services		-	-	300	-	-

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Vote3 - Finance		-	-	-	-	-
Vote4 - Technical		9,225	9,225	9,225	9,225	9,225
Vote5 - Community		-	-	-	-	-
Vote6 - Public		-	-	-	-	-
Example 7 - Vote7						
Example 8 - Vote8						
Example 9 - Vote9						
Example 10 - Vote10						
Example 11 - Vote11						
Example 12 - Vote12						
Example 13 - Vote13						
Example 14 - Vote14						
Example 15 - Vote15						
Capital single-year expenditure sub-total	2	9,225	9,225	9,525	9,225	9,225
Total Capital Expenditure	2	9,225	9,225	9,525	9,225	9,225

Table SA29 – Budgeted monthly capital expenditure (standard classification)

DC22 uMgungundlovu - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

R thousand	Description	Ref	Budget Year 2011/2012						
			July	August	Sept.	October	Nov.	Dec.	January
Capital Expenditure - Standard		1							
	<i>Governance and administration</i>		625	625	625	25	625	625	625
	Executive and council		-	-	-	-	-	-	-
	Budget and treasury office		600	600	600	-	600	600	600
	Corporate services		25	25	25	25	25	25	25
	<i>Community and public safety</i>		-	-	-	-	-	-	-
	Community and social services		-	-	-	-	-	-	-
	Sport and recreation		-	-	-	-	-	-	-
	Public safety		-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-
	Health		-	-	-	-	-	-	-
	<i>Trading services</i>		7,654	7,654	7,654	7,654	7,654	7,654	7,654
	Electricity		-	-	-	-	-	-	-
	Water		7,416	7,416	7,416	7,416	7,416	7,416	7,416
	Waste water management		238	238	238	238	238	238	238
	Waste management		-	-	-	-	-	-	-
	<i>Other</i>		-	-	-	-	-	-	-
Total Capital Expenditure - Standard		2	8,279	8,279	8,279	7,679	8,279	8,279	8,279

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Table SA30 – Budgeted monthly cash flow

DC22 uMgungundlovu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2011/12								
	July	August	Sept.	October	November	December	January	February	Mar
R thousand									
Cash Receipts By Source									
Property rates	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-
Service charges - water revenue	6,607	6,607	6,607	6,607	6,607	6,607	6,607	6,607	6,607
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-
Interest earned - external investments	417	417	417	417	417	417	417	417	417
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	33,726	33,726	33,726	33,726	33,726	33,726	33,726	33,726	33,726
Other revenue	36	36	36	36	36	36	36	36	36
Cash Receipts by Source	40,786	40,786	40,786	40,786	40,786	40,786	40,786	40,786	40,786
Other Cash Flows by Source									
Transfer receipts - capital	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	233	233	233	233	233	233	233	233	233
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	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	41,019	41,019	41,019	41,019	41,019	41,019	41,019	41,019	41,019
Cash Payments by Type									
Employee related costs	10,048	10,048	10,048	10,048	10,048	10,048	10,048	10,048	10,048
Remuneration of councillors	833	833	833	833	833	833	833	833	833
Collection costs	-	-	-	-	-	-	-	-	-
Interest paid	430	430	430	430	430	430	430	430	430
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	3,513	3,513	3,513	3,513	3,513	3,513	3,513	3,513	3,513
Other materials	-	-	-	-	-	-	-	-	-

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Contracted services	4,733	4,733	4,733	4,733	4,733	4,733	4,733	4,733	4,733
Grants and subsidies paid - other municipalities	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other	-	-	-	-	-	-	-	-	-
General expenses	11,062	11,062	11,062	11,062	11,062	11,062	11,062	11,062	11,062
Cash Payments by Type	30,620	30,620	30,620	30,620	30,620	30,620	30,620	30,620	30,620
Other Cash Flows/Payments by Type									
Capital assets	8,279	8,279	8,279	8,279	8,279	8,279	8,279	8,279	8,279
Repayment of borrowing	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments									
Total Cash Payments by Type	38,899	38,899	38,899	38,899	38,899	38,899	38,899	38,899	38,899
NET INCREASE/(DECREASE) IN CASH HELD	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120
Cash/cash equivalents at the month/year begin:		2,120	4,240	6,360	8,480	10,600	12,720	14,840	16,960
Cash/cash equivalents at the month/year end:	2,120	4,240	6,360	8,480	10,600	12,720	14,840	16,960	19,080

Table SA 34 a – Capital expenditure on new assets by asset class

DC22 uMgungundlovu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description
R thousand
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>
-
<u>Infrastructure</u>
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>
<i>Other</i>
<u>Community</u>
Parks & gardens
Sportsfields & stadia
Swimming pools
Community halls
Libraries
Recreational facilities
Fire, safety & emergency

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Security and policing

Buses

Clinics

Museums & Art Galleries

Cemeteries

Social rental housing

Other

Heritage assets

Buildings

Other

Investment properties

Housing development

Other

Other assets

General vehicles

Specialised vehicles

Plant & equipment

Computers - hardware/equipment

Furniture and other office equipment

Abattoirs

Markets

Civic Land and Buildings

Other Buildings

Other Land

Surplus Assets - (Investment or Inventory)

Other

Agricultural assets

List sub-class

Biological assets

List sub-class

Intangibles

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Computers - software & programming
Other (<i>list sub-class</i>)
Total Capital Expenditure on new assets

<u>Specialised vehicles</u>
Refuse
Fire
Conservancy
Ambulances

|

Table SA 34b – Capital expenditure on the renewal of existing assets by asset class

DC22 uMgungundlovu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description
R thousand
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>
-
<u>Infrastructure</u>
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>
<i>Other</i>
<u>Community</u>
Parks & gardens
Sportsfields & stadia
Swimming pools
Community halls
Libraries
Recreational facilities
Fire, safety & emergency
Security and policing
Buses
Clinics
Museums & Art Galleries
Cemeteries
Social rental housing
Other
<u>Heritage assets</u>
Buildings
Other

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Investment properties

- Housing development
- Other

Other assets

- General vehicles
- Specialised vehicles
- Plant & equipment
- Computers - hardware/equipment
- Furniture and other office equipment
- Abattoirs
- Markets
- Civic Land and Buildings
- Other Buildings
- Other Land
- Surplus Assets - (Investment or Inventory)
- Other

Agricultural assets

List sub-class

Biological assets

List sub-class

Intangibles

- Computers - software & programming
- Other (*list sub-class*)

Total Capital Expenditure on renewal of existing assets

Specialised vehicles

- Refuse
- Fire
- Conservancy
- Ambulances

Table SA 34c – Repairs and maintenance expenditure by assets class

DC22 uMgungundlovu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2007/8	2008/9
		Audited Outcome	Audited Outcome
R thousand	1		
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>			
-		-	-
<u>Infrastructure</u>		-	-
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	-	-
<u>Community</u>		-	-
Parks & gardens		-	-
Sportsfields & stadia		-	-
Swimming pools		-	-
Community halls		-	-
Libraries		-	-

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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		368,441	410,
General vehicles		-	-
Specialised vehicles	10	-	-
Plant & equipment		-	-
Computers - hardware/equipment		-	-
Furniture and other office equipment		-	-
Abattoirs		-	-
Markets		-	-
Civic Land and Buildings		-	-
Other Buildings		-	-
Other Land		-	-
Surplus Assets - (Investment or Inventory)		-	-
Other		368,441	410,
Agricultural assets		-	-
<i>List sub-class</i>		-	-
Biological assets		-	-
<i>List sub-class</i>		-	-

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<u>Intangibles</u>			
Computers - software & programming		-	-
Other (<i>list sub-class</i>)		-	-
Total Repairs and Maintenance Expenditure		1	368,441 410,
<u>Specialised vehicles</u>			
Refuse		-	-
Fire		-	-
Conservancy		-	-
Ambulances		-	-

Table SA 35 – Future financial implications of the capital budget

DC22 uMgungundlovu - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2011/12 Mec
		Budget Year 2011/12
R thousand		
Capital expenditure	1	
Vote1 - Executive & Council		-
Vote2 - Corporate Services		300
Vote3 - Finance		-
Vote4 - Technical		101,472
Vote5 - Community		-
Vote6 - Public		-
Example 7 - Vote7		-
Example 8 - Vote8		-
Example 9 - Vote9		-
Example 10 - Vote10		-
Example 11 - Vote11		-
Example 12 - Vote12		-
Example 13 - Vote13		-
Example 14 - Vote14		-
Example 15 - Vote15		-
<i>List entity summary if applicable</i>		
Total Capital Expenditure		101,772
Future operational costs by vote	2	
Vote1 - Executive & Council		
Vote2 - Corporate Services		
Vote3 - Finance		
Vote4 - Technical		
Vote5 - Community		
Vote6 - Public		
Example 7 - Vote7		
Example 8 - Vote8		
Example 9 - Vote9		
Example 10 - Vote10		
Example 11 - Vote11		
Example 12 - Vote12		
Example 13 - Vote13		
Example 14 - Vote14		
Example 15 - Vote15		
<i>List entity summary if applicable</i>		

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Total future operational costs		-
<u>Future revenue by source</u>	3	
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		
<i>List other revenues sources if applicable</i>		
<i>List entity summary if applicable</i>		
Total future revenue		-
Net Financial Implications		101,772

2.9 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 Finance Committee (within 10 working days) has progressively improved and includes monthly published financial performance on the District website.
2. Internship programme
The District is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
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 2011/12 MTREF in April 2011 directly aligned and informed by the 2011/12 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the District internal centre and training is ongoing.

2.10 Other supporting documents

Table Table SA1 – Supporting detail to budgeted financial statements

DC22 uMgungundlovu - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2007/8	2008/9	
		Audited Outcome	Audited Outcome	
R thousand				
REVENUE ITEMS:				
<u>Property rates</u>	6			
Total Property Rates				
<i>less Revenue Foregone</i>				
Net Property Rates		-	-	-
<u>Service charges - electricity revenue</u>	6			
Total Service charges - electricity revenue				
<i>less Revenue Foregone</i>				
Net Service charges - electricity revenue		-	-	-
<u>Service charges - water revenue</u>	6			
Total Service charges - water revenue		43,117	44,690	
<i>less Revenue Foregone</i>				
Net Service charges - water revenue		43,117	44,690	3
<u>Service charges - sanitation revenue</u>				
Total Service charges - sanitation revenue				
<i>less Revenue Foregone</i>				
Net Service charges - sanitation revenue		-	-	-
<u>Service charges - refuse revenue</u>	6			
Total refuse removal revenue		-	-	-
Total landfill revenue		-	-	-
<i>less Revenue Foregone</i>		-	-	-
Net Service charges - refuse revenue		-	-	-
<u>Other Revenue by source</u>				
Fuel levy		-	-	-
Other revenue	3	4,396	4,029	4
Total 'Other' Revenue	1	4,396	4,029	4
EXPENDITURE ITEMS:				
<u>Employee related costs</u>				
Salaries and Wages	2	50,050	55,963	6
Contributions to UIF, pensions, medical aid				

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		10,597	13,076	1
Travel, motor car, accom; & other allowances		9,588	9,984	9
Housing benefits and allowances		466	646	5
Overtime		2,210	2,736	2
Performance bonus		3,614	4,247	4
Long service awards		851	1,136	1
Payments in lieu of leave		3,720	1,994	3
Post-retirement benefit obligations	4	-	-	-
	<i>sub-total</i>	81,097	89,781	9
<u>Less: Employees costs capitalised to PPE</u>		-	-	-
Total Employee related costs	1	81,097	89,781	9
Contributions recognised - capital				
<i>List contributions by contract</i>		-	-	-
Total Contributions recognised - capital		-	-	-
Depreciation & asset impairment				
Depreciation of Property, Plant & Equipment		24,308	24,611	2
Lease amortization		-	-	-
Capital asset impairment		-	-	-
Total Depreciation & asset impairment	1	24,308	24,611	2
Bulk purchases				
Electricity Bulk Purchases		-	-	-
Water Bulk Purchases		26,972	29,151	4
Total bulk purchases	1	26,972	29,151	4
Contracted services				
<i>List services provided by contract</i>		7,146	143,661	1
<i>Water Tankers</i>				
<i>Vacuum Tankers</i>				
<i>Security</i>				

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Repairs and Maintenance by Expenditure Item	8			
Employee related costs				
Other materials				
Contracted Services				
Other Expenditure				
Total Repairs and Maintenance Expenditure	9	-	-	-

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

DC22 uMgungundlovu - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote1 - Executive & Council	Vote2 - Corporate Services	Vote3 - Finance	Vote4 - Technical	Vote5 - Community	Vote6 - Public	Example 7 - Vote7
R thousand	1							
Revenue By Source								
Property rates		-	-	-	-	-	-	
Property rates - penalties & collection charges		-	-	-	-	-	-	
Service charges - electricity revenue		-	-	-	-	-	-	
Service charges - water revenue		-	-	150	74,650	-	-	
Service charges - sanitation revenue		-	-	-	-	-	-	
Service charges - refuse revenue		-	-	-	-	-	-	
Service charges - other		-	-	-	-	-	-	
Rental of facilities and equipment		-	-	-	-	-	-	
Interest earned - external investments		-	-	5,000	-	-	-	
Interest earned - outstanding debtors		-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	
Fines		-	-	-	-	-	-	
Licences and permits		-	-	-	-	-	-	
Agency services		-	-	-	-	-	-	
Other revenue		-	200	229	-	-	-	
Transfers recognised - operational		-	-	286,019	57,247	-	-	
Gains on disposal of PPE		-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		-	200	291,398	131,897	-	-	-
Expenditure By Type								
Employee related costs		16,153	13,544	21,676	33,702	15,001	20,421	
Remuneration of councillors		10,000	-	-	-	-	-	
Debt impairment		-	-	37,250	-	-	-	
Depreciation & asset impairment		-	-	48,175	-	-	-	
Finance charges		-	-	5,165	-	-	-	
Bulk purchases		-	-	-	42,162	-	-	
Other materials		-	-	-	-	-	-	
Contracted services		-	-	-	56,800	-	-	
Transfers and grants		-	-	-	-	-	-	
Other expenditure		4,058	21,605	17,241	42,877	7,871	2,825	

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Loss on disposal of PPE	-	-	2,794	-	-	-	-
Total Expenditure	30,210	35,150	132,301	175,540	22,872	23,246	-
Surplus/(Deficit)	(30,210)	(34,950)	159,097	(43,643)	(22,872)	(23,246)	-
Transfers recognised - capital	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(30,210)	(34,950)	159,097	(43,643)	(22,872)	(23,246)	-

Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position

DC22 uMgungundlovu - Supporting
Table SA3 Supporting detail to
'Budgeted Financial Position'

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Exp
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12
R thousand									
ASSETS									
<u>Call investment deposits</u>									
Call deposits < 90 days		-	-	-	-	-	-	-	
Other current investments > 90 days		-	-	-	-	-	-	-	23,750
Total Call investment deposits	2	-	-	-	-	-	-	-	23,750
<u>Consumer debtors</u>									
Consumer debtors		168,643	112,322	136,648	-	-	-	137,930	-
<u>Less: Provision for debt impairment</u>		(154,860)	(92,104)	(95,880)	-	-	-	(95,880)	-
Total Consumer debtors	2	13,783	20,218	40,768	-	-	-	42,050	-
<u>Debt impairment provision</u>									
Balance at the beginning of the year									
Contributions to the provision		(154,860)	(92,104)	(95,880)	-	-	-	(95,880)	-
Bad debts written off									
Balance at end of year		(154,860)	(92,104)	(95,880)	-	-	-	(95,880)	-
<u>Property, plant and equipment (PPE)</u>									
PPE at cost/valuation (excl. finance leases)		245,755	312,266	355,266	96,055	105,129	105,129	365,083	101,772
Leases recognised as PPE		-	-	-	-	-	-	-	-
<u>Less: Accumulated depreciation</u>		113,731	138,042	163,206	-	-	-	180,706	-
Total Property, plant and equipment (PPE)	2	132,024	174,225	192,060	96,055	105,129	105,129	184,377	101,772
LIABILITIES									
<u>Current liabilities - Borrowing</u>									
Short term loans (other than bank overdraft)		5,147	5,124	2,193	-	-	-	2,193	-
Current portion of long-term liabilities		-	-	-	-	-	-	-	-
Total Current liabilities - Borrowing		5,147	5,124	2,193	-	-	-	2,193	-
<u>Trade and other payables</u>									
Trade and other creditors		55,287	83,837	108,079	-	-	-	94,181	-
Unspent conditional transfers		23,125	6,706	10,856	-	-	-	(1,295)	-
VAT		(31,140)	(31,745)	(62,383)	-	-	-	(71,584)	-
Total Trade and other payables	2	47,272	58,798	56,553	-	-	-	21,303	-
<u>Non current liabilities - Borrowing</u>									
Borrowing	4	25,288	20,470	20,925	-	-	-	19,826	-
Finance leases (including PPP asset element)		-	-	-	-	-	-	-	-
Total Non current liabilities - Borrowing		25,288	20,470	20,925	-	-	-	19,826	-
<u>Provisions - non-current</u>									

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Retirement benefits		-	-	-	-	-	-	-	-
<i>List other major provision items</i>									
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-
Other		43,601	29,205	3,961	-	-	-	3,222	-
Total Provisions - non-current		43,601	29,205	3,961	-	-	-	3,222	-
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance		(16,907)	(51,740)	(2,663)	-	33,431	33,431	56,703	22,623
GRAP adjustments									
Restated balance		(16,907)	(51,740)	(2,663)	-	33,431	33,431	56,703	22,623
Surplus/(Deficit)		10,391	70,328	57,968	78,570	71,698	71,698	102,639	79,149
Appropriations to Reserves		-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-
Depreciation offsets									
Other adjustments									
Accumulated Surplus/(Deficit)	1	(6,517)	18,588	55,305	78,570	105,129	105,129	159,342	101,772
Reserves									
Housing Development Fund		-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-
Capitalisation		-	-	-	-	-	-	-	-
Government grant		94,805	142,158	163,404	-	-	-	163,404	-
Donations and public contributions		-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-
Other reserves (<i>list</i>)		-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-
Total Reserves	2	94,805	142,158	163,404	-	-	-	163,404	-
TOTAL COMMUNITY WEALTH/EQUITY	2	88,288	160,746	218,709	78,570	105,129	105,129	322,746	101,772

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services									
2010 World Cup									

References

Table SA9 – Social, economic and demographic statistics and assumptions

DC22 uMgungundlovu - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	1996 Census	2001 Census	2007 Survey	2007
Demographics					
Population					
Females aged 5 - 14					
Males aged 5 - 14					
Females aged 15 - 34					
Males aged 15 - 34					
Unemployment					
Household income (households) (1.)					
None	-				
R1 - R4800					
R4800 - R9600					
Poverty profiles (2.)					
Insert description					
Household/demographics (000)					
Number of people in municipal area					
Number of poor people in municipal area					
Number of households in municipal area					
Number of poor households in municipal area					
Definition of poor household (R per month)					
Housing statistics (3.)					
Formal					
Informal					
Total number of households					
Dwellings provided by municipality (4.)		-	-	-	-
Dwellings provided by province/s					
Dwellings provided by private sector (5.)					
Total new housing dwellings		-	-	-	-
Economic (6.)					
Inflation/inflation outlook (CPIX)					
Interest rate - borrowing					
Interest rate - investment					
Remuneration increases					
Consumption growth (electricity)					
Consumption growth (water)					
Collection rates (7.)					
Property tax/service charges					
Rental of facilities & equipment					
Interest - external investments					
Interest - debtors					
Revenue from agency services					

It is therefore recommended :

That the Full Council approves the proposed Income Budget of R 498 466 839.

That the Full Council approves the proposed Operational Budget of R 419 318 154.

That the Full Council approves the proposed Capital Budget of R 101 771 668.75.

That the Full Council approves the proposed Cash Surplus of R 25 552 016 .

That the Full Council approves the proposed tariffs and tariff increases.

2.11 Municipal manager's quality certificate

I ...T.L.S Khuzwayo, Municipal Manager of uMgungundlovu 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 Terrence Lancelot Sibusiso Khuzwayo

Municipal manager of uMgungundlovu District Municipality (DC22)

Signature _____

Date _____