



UMZIMVUBU
— LOCAL MUNICIPALITY —

Annual Budget [EC442]

Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 May 2009.

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PART 1 – ANNUAL BUDGET

Mayoral Budget Speech

Mr. Speaker
Exco Members
Whippers
Councillors
Traditional Leaders
Management & Staff
Members of the Public & Media in the Gallery
Ladies & Gentlemen

I greet you all this morning in the name of the Lord, Jesus Christ, Amen.
It is with a deep sense of sorrow and sadness that we have learnt of the tragic death of six people from Mabala and Mvakwendlu families as a result of a car accident.
They were driving from King Williams Town to Mount Frere. The provincial Department of Transport has pledged to assist the families with six caskets and storage as well as transportation of corpses from Mthatha to Buffalo Nek in Ward 22.
The Umzimvubu Local Municipality contributed grass cutting and a tent with chairs.

May we rise and observe a moment of silence in paying tribute to these daughters and sons of the soil.

On 23 and 27 May 2013 respectively there were consultative meetings in each of Mount Ayliff and Mount Frere Magisterial Districts. The purpose is to get views and comments of various stakeholders on the proposed re-determination of the magisterial districts. The popular view is in favour of a magisterial district that is in line with the existing municipal demarcation.

In terms of section 24(1) of the Municipal Finance Management Act 56 of 2003 we must table the Municipal Budget to Council for approval on or before 31 May 2013.
Consequent to our resolve of ensuring compliance at all material times we are pleased that today we are tabling the Budget for 2013/14 financial year.

I must also indicate that this tabling of Budget today was preceded by a lengthy period of a consultation of communities throughout the 27 Wards of ULM.

This consultation process culminated in the situation where communities in each ward had to confirm the projects for implementation in the forthcoming financial year.
We are proud today to say the budget we are tabling fully enjoys the support and buy in of the communities that we are privileged to serve.

I must indicate that, as obviously expected, the community needs often far exceed the resources with which to respond.

It is for this reason that we had to embark on such an extensive programme of reaching out to the communities so that working together with our community we can do a breakdown and needs analysis against the limited resources at our disposal.

According to the IDP, the greater chunk of our budget goes to infrastructural development projects.

As a result thereof a sum of R141.9 m has been set aside for Capital Projects. Out of this, a sum of R131m goes to the Department of Infrastructure and Planning.

Some of the projects to be implemented by this Department include among others the Integrated National Electrification at a total cost of R 20 m and the MIG- funded projects at a total cost of R40 m.

As a consequence of our good track record on spending, the 2013/14 allocation shows an increase of R60 m from the 2012/13 allocation which is 29% higher than the last financial year.

Mr Speaker I must indicate upfront that the Executive Committee, over which I am privileged to preside, is going to table to Council for approval the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP's) the Budget for 2013/14 Financial Year and the normal EXCO Report to Council.

We humbly request approval and adoption of all these Reports through a resolution. In order to make things easier I am going to start with the normal EXCO Report to Council in the following manner:

In terms of the forthcoming financial year, I must say that the IDP and Budget remain our statement of commitment to fight poverty and all its manifestations to the best of our ability.

The Municipal Manager and or the CFO will give full details and I must quickly make the following highlights:

PERSONNEL **R63 102 077**

We are setting aside a sum of R63.1 m with a view to discharge and execute the programmes of the municipality. This allocation shows an increase of 6, 85%.

EXCO OUTREACH PROGRAMME **R390 650**

Believing in the enhancement of community participation with unmediated interaction between the local community and its public representatives we have set aside a sum of R390 650 in order to hold community meetings, in the form of IDP, Budget and Imbizo.

DISASTER MANAGEMENT **R100 000**

In terms of the law the function of disaster management is the competence of the District Municipality. However, we have budgeted R100 000 for immediate relief when and if a disaster occurs.

SP EVENTS AND PROGRAMMES **R370 000**

For purposes of commemorating and celebrating the calendar events we are budgeting R370 000

INDEGENT SUPPORT **R631 800**

We have increased the Indigent Support from R600 000 in the 2012/13 to R631 800 in the next financial year so that we can subsidise the rate payers and residents who cannot afford to pay for services rendered by the municipality.

ACCOUNTING AND AUDITING FEES **R3.8 m**

In terms of the provisions of the Audit Act number 12 of 1995 we are required to submit financial statements and records for audit purposes in order to ensure financial accountability.

Equally, the MFMA no. 56 of 2003 prescribes that we are responsible for managing the financial administration and therefore we are budgeting R3.8m for accounting and auditing fees.

SUBSISTENCE AND TRAVELLING **R4m**

This amount is intended to cater for accommodation and subsistence and travelling for Councillors and Officials on official duties.

SPU PROGRAMMES **R550 000**

This unit is located in the office of the Mayor and is responsible for policy development, coordination, gender mainstreaming, training and development programmes for the youth, women, disabled, children and elderly. We are therefore budgeting R550 000 for this.

CLEANING SERVICES

R800 000

A sum of R800 000 has been set aside for the purchase of cleaning material and utensils in order to maintain a healthy and inspiring work environment.

INSURANCE EXTERNAL

R620 000

As an organisation, it is our responsibility to protect and insure both the movable and immovable property. Accordingly, we are setting aside R620 000 for this purpose.

LEGAL FEES

R700 000

A sum of R700 000 will be utilised for professional costs in respect of legal matters the municipality may find itself involved in.

STATIONERY AND PRINTING

R1.1m

For stationery and printing, we will spend R1, 1 m in order to ensure that our offices are run smoothly, effectively and efficiently.

STRATEGIC PLANNING AND TEAM BUILDING

R1, 1m

Almost all scholars share the same view that staff motivation is one of the key anchors for good production.

In order to keep a happy labour force to ensure productivity we are allocating a sum of R1, 1m for Strategic and Teambuilding.

MUNICIPAL INFRASTRUCTURE GRANT (MIG)

R40m

In an effort to address the backlog on infrastructure development which continues to be a thorn in the flesh of our communities, we are setting aside R40 m for this purpose.

We want to put in place reliable and sustainable infrastructure so that economic activities can flourish. This is true because infrastructure is the prerequisite for economic development.

FINANCIAL MANAGEMENT GRANT (FMG)

R1.5m

Mr Speaker and Colleagues, I am sure you will agree with me that the Municipal Financial Viability and Management is one of Key Performance Areas for all Municipalities, as provided for by the National Department of Co-operative Governance and Traditional Affairs.

It is against this background that we have budgeted R1, 5 m for Financial Management Grant (FMG). In addition we have also received R890 000 from the Municipal Systems Improvement Grant (MSIG).

Mr Speaker, Councillors, Ladies and Gentlemen it my privilege that I am presenting to you the 2013/14 Budget whose major sources can be summarized as follows:

EPWP Grant	R1.2m
Property Rates	R8.9m
Service Charges and Refuse Removal	R1.5m
Interest Earned on Investments	R230 000
Traffic License and Permits	R2.2m
Advertisements	R100 000
Building Plan Fees	R110 000
Vehicle Registration	R1m
Sundry Income	R12m
Land Sales	R750 000
Pound Fees	R458 700
Tender Fees	R370 000
Vehicle Testing Centre	R 110 000

LGSETA	R 370 000
Equitable Share	R117m
Proceeds on Sale of Assets	R105 300
Integrated National Electrification	R20m

Mr Speaker and Colleagues, our Capital Allocation per Department stands as follows:

Executive and Council	R100 000
Municipal Managers Office	R180 000
Budget and Treasury	R650 000
Corporate Services	R700 000
Citizen and Community Services	R5.2m
Local Economic Development	R2.5m
Infrastructure and Planning	R131m
SP and Communication	R1.2m

Towards concluding Mr Speaker, it is my pleasure to table to Council for consideration the 2013/14 Budgets totalling R268 358 095.00 (R268.3m) representing Operational Budget of R126 377 095 (R126.3m) and Capital Budget of R141 981 000 (R141.9m).

In conclusion I want to take this opportunity to thank all my colleagues in Council, management and officials for the Stirling work done leading to this point where we are tabling this IDP and Budget.

With those few words I thank you very much!!

Section 2 – Budget Related Resolutions

The Resolutions approved by Council with the final adoption of the I draft annual budget in March are:

RESOLVED:

[a] That the draft annual budget of Umzimvubu Local Municipality for the financial year 2013/2014; and indicative for the two projected years 2014/15 and 2015/16

1.1 **Table A2:** Budgeted Financial Performance (Expenditure by standard classification)

1.2 **Table A3:** Budgeted Financial Performance (expenditure by municipal vote)

1.3 **Table A4:** Budgeted Financial Performance (revenue by source)

1.4 **Table A5:** Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding

1.5 **Table A6:** Budgeted Financial Position

1.6 **Table A7:** Budgeted Cash Flows

1.7 **Table A8:** Cash backed Reserves

1.8 **Table A9:** Asset Management

[b] Tariffs and charges reflected in **Annexure 3** are approved for the financial year 2013/2014

[c] Council notes the amended Integrated Development Plan adopted on the March 2012 reflected as summarised in **Section 6**

[d] The budget related policies as summarised in **Section 8** are approved for budget year 2013/14

[e] The measurable performance objectives for each vote introduced in **Section 15** and detailed in Annexure 'Service Delivery and Budget Implementation Plan' are noted for the budget year 2011/12

Section 3 - Executive Summary

The Municipal Finance Management Act (MFMA) require that the council must at least 30 days before the start of the budget year consider the approval of the annual budget, but however Circular 67 was issued as advisor to municipalities.

Most of the requirements of the MFMA concerning the budget content and documentation are in place for this budget process and were incorporated into this budget document. Major requirements of the MFMA include:

- 1) the budget must set out 'realistically anticipated revenues' for the year by each revenue source;
- 2) the budget must be generally divided between capital and operating expenditures and each must be set out by 'vote';
- 3) expenditures can only be funded by 'realistic' revenues, surplus cash carried forward and not committed to any other expenditure or borrowed funds (borrowed funds can only be used to fund capital projects).

There are many other format requirements for the budget that are too numerous to mention here, however, a complete listing can be found in section 17 of the MFMA.

The preparation of this budget document evolved the making of critical policy decisions and key strategies and policy directions that were given by the Executive Committee over the past months. A 'baseline' budgets was developed in consultation with the Executive and formed the basis for operating budget discussions. These were given to the Managers to review and revise within given guidelines. These revised baseline budgets returned by the managers then formed the basis for the draft budget which is now which will be approved by the end of May 2013

The financial policies used to develop this budget are focused on making Umzimvubu is financially sustainable in the long run. We must not only have sufficient cash available to pay all the creditors that we owe as required by the MFMA but also to allow for a cash reserve to even out sporadic cash flows during the operating year.

Operational Revenues are anticipated to reach R 268 million (including currently known grants received for operational expenditures) which has decreased due to the INEP revision ; operational expenditures funded from cash carry forwards and operating revenues are proposed at R126 million

The Capital Budget is funded from a blend of conditional grants, limited own funds and cash carried forward from prior years. Capital expenditures for 2013/14 are estimated to total R141 Million for a variety of projects and purchases.

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and forecasts. In addition, many policy decisions were incorporated into this budget document. The following list attempts to give the most significant of these.

Operating Revenues

- Revenues are shown on a 'billed' (or accrual) basis where applicable. In many cases revenue billed is much higher than cash actually collected on that billing. An offsetting bad debt expense is also included to cover other services as a single amount and a separate amount to cover waste or refuse. This expense must be considered in any revenue discussion. Allocations for bad debt include the following amounts.
 - Rates and other services R8,900,000

- Rates and tariffs in most cases contain proposed increases.
 - Rates 5.6% increase
 - Refuse Collection 5.6% increase

- The Equitable Share Allocation from the National Treasury is R117, 834 million which is an increase from the current budget of R106, 050million.

Operating Expenditures

- Employee salaries and related expenses are increased by the level indicated by correspondence from SALGA and CPIX. This amount to a 6.85% increase in 2013/14. In addition, all positions are budgeted to be filled for the entire year. Council allowances are also budgeted to increase by 6.85% .The salary bill makes up 37% excluding councilors of the Operating budget.
- An amount of R 600,000 has been allocated in the operating budget for normal street maintenance and repairs and also a portion from MIG
- An amount R91million is included in the operating budget for normal operations of the institution
- Grants and subsidies paid by the municipality in terms of Free Basic Services and Local Economic Development initiatives and other organizations amounts to R 3.9 million

Capital Budget

The capital budget reflected in this document utilizes actually anticipated revenues and cash forward to fund the budgeted expenditures of R141, 8 million. The portion includes the MIG grant (R40million), DBSA loan (54million and integrated electrification programme (20million). Both the latter are for electricity generation

Other items in the operating budget

There are various conditional grants/other funded items and programs included within the operating budget. Most of these items (amounting to some R3.6million) are funded by conditional grants that specify exactly what the money can be expended on.

Effect of the annual budget

The annual budget for 2013/14 to 2015/16 is disclosed in 'Section 4: Annual budget tables' and in 'Annexure 2: Supporting budget tables'. Each of the summaries sections below is discussed in more detail later on this document

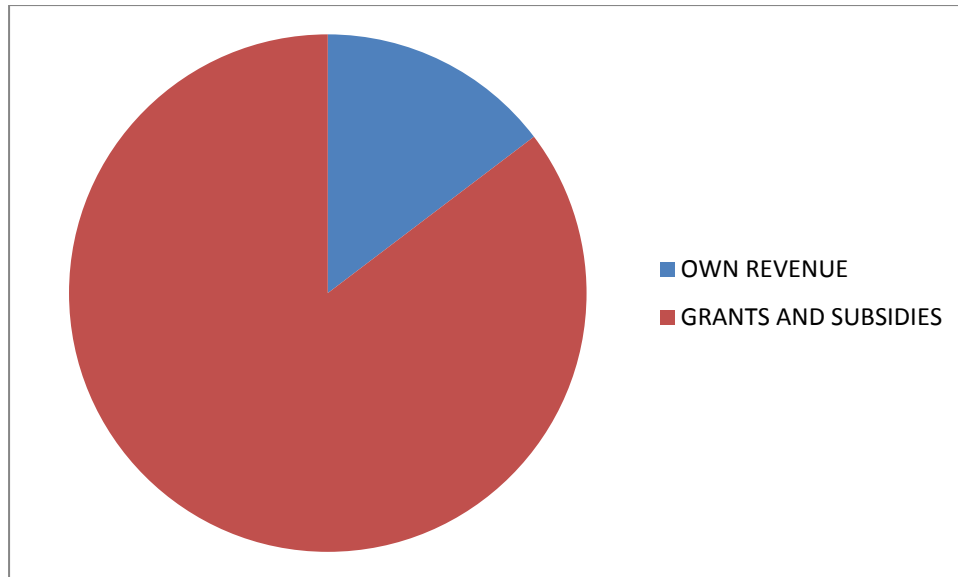
For easy reference, summary tables and graphs are included here.

Financial performance

Revenue by source

DESCRIPTION	ACTUAL 2009/2010	ACTUAL 2010/2011	ACTUAL 2011/2012	BUDGET 2012/13	ADJUSTMENT BUDGET 2012/13	2013/14 ANNUAL BUDGET	2014/15 BUDGET - INDICATIVE	2015/16 BUDGET - INDICATIVE
Property Rates	11,235,868	7,367,638	8,911,635	8,432,000	8,432,000	8,900,000	9,380,600	9,887,152
Service Charges - Refuse	1,380,038	1,781,184	2,006,595	1,000,000	1,000,000	1,500,000	1,581,000	1,666,374
Rental of Facilities and Equipment	876,301	1,321,361	824,806	1,143,565	1,199,116	1,210,862	1,276,249	1,345,166
Interest earned - External Investments	4,388,311	3,362,168	2,127,973	3,729,994	212,653	230,000	242,420	255,511
Interest earned - Outstanding Debtors	-	984,073	427,813	270,138	735,442	750,000	790,500	833,187
Fines	144,257	464,511	778,265	863,861	400,000	800,000	843,200	888,733
Licenses & permits	32,218	2,237,181	2,116,159	47,160	33,500	2,288,320	2,411,889	2,542,131
Agency fees	4,547,792	1,271,690	1,072,014	3,101,593	3,101,593	1,110,000	1,169,940	1,233,117
Transfers Recognized - operational	79,372,775	135,120,145	115,521,810	109,767,000	130,371,146	122,752,000	129,380,608	136,367,161
Transfers Recognized - Capital	20,614,000	23,939,000	31,157,000	67,795,000	67,795,000	114,066,000	120,225,564	126,717,744
Other revenue	1,174,618	1,082,744	2,083,734	11,454,531	13,812,349	14,750,913	15,547,462	16,387,025
	123,766,178	178,931,695	167,027,804	207,604,842	227,092,799	268,358,095	282,849,432	298,123,301

Trends for the major revenue sources over the MTREF period is shown in the chart below



Expenditure by Type

DESCRIPTION	ACTUAL 2009/2010	ACTUAL 2010/2011	ACTUAL 2011/2012	BUDGET 2012/13	ADJUSTMENT BUDGET 2012/13	2013/14 ANNUAL BUDGET	2014/15 BUDGET - INDICATIVE	2015/16 BUDGET - INDICATIVE
Employee related costs	24,327,977	31,666,798	33,908,371	44,962,123	47,666,068	49,185,146	51,939,514	54,744,248
Remuneration of councillors	9,315,600	11,389,093	13,113,451	15,128,494	14,349,872	13,916,931	14,696,279	15,489,878
Depreciation	-	23,294,115	29,681,377	28,674,000	25,000,000	30,000,000	31,680,000	33,390,720
Debt Impairment	6,970,897	9,215,993	7,525,213	2,000,000	7,000,000	8,000,000	8,448,000	8,904,192
Finance Costs	8,292	1,314,284	664,232	18,000	20,840	20,000	21,120	22,260
Repairs & Maintenance	7,730,142	5,256,318	4,102,760	2,519,464	2,482,962	2,908,723	3,071,611	3,237,479
Contracted Services	-	680,021	667,186	3,115,664	3,115,664	5,150,000	5,438,400	5,732,074
Grants & Subsidies -		2,174,827	3,407,646	1,968,326	3,178,326	3,961,800	4,183,661	4,409,578
General Expenditure - other	30,152,118	2,174,827	3,407,646	42,407,627	52,061,204	51,234,495	54,103,627	57,025,223
	78,505,026	87,166,276	96,477,882	140,793,698	154,874,936	164,377,095	173,582,212	182,955,652

Tariff implications of the annual budget

Assessment rates

The municipal property rates are levied in different categories of consumers, and the budget has a slight increase from 2012/13 financial year, this has been informed by our collection trends or actuals for 2012/13 financial year and its midyear budget performance. This will probably increase when we do an adjustment budget as we have appointed a debt collector which is performing very well.

Waste Management

We had a 5.6% increase on the tariffs charged for this financial year, and we also devised other revenue mechanisms in waste management which were not implemented in the 2011/2012 financial year.

We have budgeted a small increase on this trading services, this is as a result of the review of the Waste Management Plan as it has to be in operation for two years.

However, Circular 69 recommendations concerning this service have been taken into account and action plans have been formulated by the concerned department.

The budget as presented in this document meets the requirements of the MFMA and is presented to Council for approval.

Section 4 - Annual Budget Tables

The intention of this Section is two-fold

Firstly, the following tables form the basis of the Council resolution approving the annual budget for 2011/2012:

- Table A2: Budgeted Financial Performance (expenditure by standard classification)
- Table A4: Budgeted Financial Performance (expenditure by municipal vote)
- Table A4: Budgeted Financial Performance (revenue by source)
- Table A5: Budgeted Capital Expenditure for both multi-year and single year appropriations by vote, standard classification and funding

Secondly, this section presents and explains the various tables that must be compiled

EC442 Umzimvubu - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	11,236	7,368	9,114	8,432	8,432	9,000	9,000	8,900	9,354	9,812
Service charges	1,380	1,781	2,007	1,000	1,000	1,200	1,200	1,517	1,594	1,672
Investment revenue	4,388	3,362	2,128	3,730	213	213	213	230	242	254
Transfers recognised - operational	79,373	135,120	115,522	106,050	106,200	106,200	106,200	122,752	129,258	135,591
Other own revenue	6,775	7,430	7,348	19,609	23,139	23,324	23,345	22,295	23,467	24,705
Total Revenue (excluding capital transfers and contributions)	103,152	155,061	136,119	138,821	138,984	139,937	139,957	155,693	163,915	172,034
Employee costs	24,166	31,667	33,591	42,175	42,175	42,175	42,175	48,883	51,522	54,305
Remuneration of councillors	9,316	11,389	13,113	15,128	14,350	14,350	14,380	13,917	14,673	15,453
Depreciation & asset impairment	-	23,294	29,681	23,350	25,000	25,000	25,000	30,000	31,530	33,075
Finance charges	8	1,314	664	18	18	18	18	20	21	22
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	37,882	43,367	46,180	45,268	60,088	60,088	60,088	63,087	25,733	121,476
Total Expenditure	71,372	111,031	123,230	125,939	141,631	141,631	141,661	155,907	123,479	224,331
Surplus/(Deficit)	31,780	44,030	12,889	12,882	(2,647)	(1,694)	(1,703)	(214)	40,436	(52,297)
Transfers recognised - capital	-	23,939	31,157	67,795	67,795	67,795	67,795	114,066	120,111	125,997
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	27,915	29,212	30,789
Surplus/(Deficit) after capital transfers & contributions	31,780	67,969	44,046	80,677	65,148	66,101	66,092	141,767	189,759	104,489
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	31,780	67,969	44,046	80,677	65,148	66,101	66,092	141,767	189,759	104,489
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-

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Total sources of capital funds	-	-	-	-	-	-	-	-	-	-
Financial position										
Total current assets	84,244	46,172	36,072	41,265	49,108	48,993	54,136	18,592	19,920	49,478
Total non current assets	18,472	14,584	229,452	328,457	328,457	328,457	328,457	389,417	459,244	531,740
Total current liabilities	-	16,011	12,693	19,089	1,909	1,909	1,909	10,784	10,784	10,784
Total non current liabilities	4,229	1,255	937	937	937	937	937	937	937	937
Community wealth/Equity	-	15,084	551	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	45,398	68,250	63,960	98,811	117,873	120,733	120,733	167,473	175,682	185,169
Net cash from (used) investing	(32,832)	(38,940)	(40,481)	(97,475)	(106,719)	(106,719)	(106,719)	(156,781)	(165,247)	(174,171)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	47,127	76,437	99,916	1,336	11,154	14,014	14,014	10,692	21,128	32,126
Cash backing/surplus reconciliation										
Cash and investments available	79,946	29,625	34,560	25,489	25,489	25,489	25,489	38,224	51,324	93,230
Application of cash and investments	(3,556)	181	11,740	5,117	(28,435)	(27,565)	(34,167)	29,583	40,654	52,328
Balance - surplus (shortfall)	83,502	29,443	22,820	20,372	53,924	53,054	59,656	8,641	10,670	40,902
Asset management										
Asset register summary (WDV)	18,472	14,584	15,596	14,584	14,584	14,584	14,600	14,600	14,617	14,635
Depreciation & asset impairment	-	23,294	29,681	23,350	25,000	25,000	30,000	30,000	31,530	33,075
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	2,863	1,849	2,048	1,205	3,236	3,236	3,404	3,577
Free services										
Cost of Free Basic Services provided	-	-	-	1,600	2,900	2,900	3,132	3,132	3,285	3,446
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

EC442 Umzimvubu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard										
Governance and administration		-	-	107,557	134,947	142,766	142,766	144,784	152,603	160,843
Executive and council		-	-	150	-	650	650	-	-	-

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Budget and treasury office		-	-	107,128	134,590	141,759	141,759	144,414	152,213	160,432
Corporate services		-	-	279	357	357	357	370	390	411
Community and public safety		-	-	5,025	4,296	3,810	3,810	4,871	5,134	5,411
Community and social services		-	-	1,041	111	87	87	277	292	308
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	3,984	4,185	3,723	3,723	4,594	4,842	5,103
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	21,025	67,346	79,501	79,501	116,890	123,202	129,855
Planning and development		-	-	2,033	52	2,328	2,328	271	286	301
Road transport		-	-	18,992	67,294	77,172	77,172	116,619	122,916	129,554
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	2,007	1,016	1,016	1,016	1,713	1,805	1,903
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	2,007	1,016	1,016	1,016	1,713	1,805	1,903
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	-	-	135,614	207,605	227,093	227,093	268,258	282,744	298,012
Expenditure - Standard	-									
Governance and administration		-	-	91,537	91,156	105,471	105,471	70,723	74,663	78,695
Executive and council		-	-	26,295	28,665	29,355	29,355	31,590	33,416	35,221
Budget and treasury office		-	-	51,852	48,683	62,208	62,208	22,915	24,153	25,457
Corporate services		-	-	13,389	13,808	13,908	13,908	16,218	17,093	18,017
Community and public safety		-	-	16,463	21,691	21,723	21,723	24,601	25,930	27,330
Community and social services		-	-	8,673	9,588	9,875	9,875	11,178	11,781	12,418
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	7,790	12,104	11,848	11,848	13,423	14,148	14,912
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	20,673	16,275	18,054	18,054	18,936	19,959	21,036
Planning and development		-	-	7,530	4,614	4,946	4,946	6,200	6,535	6,888
Road transport		-	-	13,143	11,661	13,108	13,108	12,736	13,424	14,148
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	7,859	11,232	10,127	10,127	12,016	12,665	13,349
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	7,859	11,232	10,127	10,127	12,016	12,665	13,349
Other	4	-	-	-	-	-	-	-	-	-

Total Expenditure - Standard	3	-	-	136,533	140,354	155,374	155,374	126,277	133,216	140,410
Surplus/(Deficit) for the year		-	-	(918)	67,251	71,719	71,719	141,981	149,528	157,602

Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)
 EC442 Umzimvubu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	100	105	111
Vote 2 - Budget and Treasury		-	-	107,128	134,590	141,759	141,759	144,414	152,213	160,432
Vote 3 - Corporate Services		-	-	279	357	357	357	370	390	411
Vote 4 - Local Economic Development		-	-	2,033	52	2,328	2,328	271	286	301
Vote 5 - Infrastructure and Planning		-	-	18,992	67,294	77,172	77,172	116,619	122,916	129,554
Vote 6 - Community and Social Services		-	-	1,041	111	87	87	177	187	197
Vote 7 - Waste Management		-	-	2,007	1,016	1,016	1,016	1,713	1,805	1,903
Vote 8 - Public Safety		-	-	3,984	4,185	3,723	3,723	4,594	4,842	5,103
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	135,464	207,605	226,443	226,443	268,258	282,744	298,012
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		-	-	32,053	35,605	36,563	36,563	39,900	42,175	44,452
Vote 2 - Budget and Treasury		-	-	51,852	48,683	62,208	62,208	22,915	24,153	25,457
Vote 3 - Corporate Services		-	-	13,389	13,808	13,908	13,908	16,218	17,093	18,017
Vote 4 - Local Economic Development		-	-	7,530	4,614	4,946	4,946	6,200	6,535	6,888
Vote 5 - Infrastructure and Planning		-	-	13,143	11,661	13,108	13,108	12,736	13,424	14,148
Vote 6 - Community and Social Services		-	-	2,915	2,647	2,667	2,667	2,868	3,023	3,186
Vote 7 - Waste Management		-	-	7,859	11,232	10,127	10,127	12,016	12,665	13,349
Vote 8 - Public Safety		-	-	7,790	12,104	11,848	11,848	13,423	14,148	14,912
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	136,533	140,354	155,374	155,374	126,277	133,216	140,410
Surplus/(Deficit) for the year	2	-	-	(1,068)	67,251	71,069	71,069	141,981	149,528	157,602

Table A4 – Budgeted Financial Performance (revenue and expenditure)
EC442 Umzimvubu - Table A4 Budgeted Financial Performance
(revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	11,236	7,368	9,114	8,432	8,432	9,000	9,000	8,900	9,354	9,812
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1,380	1,781	2,007	1,000	1,000	1,200	1,200	1,517	1,594	1,672
Service charges - other											
Rental of facilities and equipment		876	1,321	825	1,144	1,201	1,300	1,300	1,231	1,276	1,345
Interest earned - external investments		4,388	3,362	2,128	3,730	213	213	213	230	242	254
Interest earned - outstanding debtors			984	428	270	735	736	736	750	788	827
Dividends received											
Fines		144	465	778	864	400	450	450	800	841	882
Licences and permits		32	2,161	2,161	2,209	2,202	2,231	2,252	2,354	2,481	2,603
Agency services		4,548	1,072	1,072	943	943	950	950	1,110	1,167	1,224
Transfers recognised - operational		79,373	135,120	115,522	106,050	106,200	106,200	106,200	122,752	129,258	135,591
Other revenue	2	1,175	1,083	2,084	13,885	17,362	17,362	17,362	15,350	16,179	17,052
Gains on disposal of PPE		-	344		295	295	295	295	700	736	772
Total Revenue (excluding capital transfers and contributions)		103,152	155,061	136,119	138,821	138,984	139,937	139,957	155,693	163,915	172,034
Expenditure By Type											
Employee related costs	2	24,166	31,667	33,591	42,175	42,175	42,175	42,175	48,883	51,522	54,305
Remuneration of councillors		9,316	11,389	13,113	15,128	14,350	14,350	14,380	13,917	14,673	15,453
Debt impairment	3	7,730	9,216	7,525	2,000	2,000	2,000	2,000	8,000	8,408	8,820
Depreciation & asset impairment	2	-	23,294	29,681	23,350	25,000	25,000	25,000	30,000	31,530	33,075
Finance charges	8		1,314	664	18	18	18	18	20	21	22
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		-	680	667	1,300	1,450	1,450	1,450	5,150	5,428	57,212
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	30,152	33,127	37,988	41,968	56,638	56,638	56,638	49,937	11,897	55,444
Loss on disposal of PPE			344								
Total Expenditure		71,372	111,031	123,230	125,939	141,631	141,631	141,661	155,907	123,479	224,331
Surplus/(Deficit)		31,780	44,030	12,889	12,882	(2,647)	(1,694)	(1,703)	(214)	40,436	(52,297)
Transfers recognised - capital			23,939	31,157	67,795	67,795	67,795	67,795	114,066	120,111	125,997
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets								27,915	29,212	30,789	
Surplus/(Deficit) after capital transfers & contributions		31,780	67,969	44,046	80,677	65,148	66,101	66,092	141,767	189,759	104,489
Taxation											
Surplus/(Deficit) after taxation		31,780	67,969	44,046	80,677	65,148	66,101	66,092	141,767	189,759	104,489
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		31,780	67,969	44,046	80,677	65,148	66,101	66,092	141,767	189,759	104,489
Share of surplus/ (deficit) of associate	7										

Surplus/(Deficit) for the year		31,780	67,969	44,046	80,677	65,148	66,101	66,092	141,767	189,759	104,489
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Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding
EC442 Umzimvubu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Local Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 5 - Infrastructure and Planning		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	195	903	903	903	1,480	1,558	1,635
Vote 2 - Budget and Treasury		-	-	-	1,386	920	1,200	1,200	650	685	722
Vote 3 - Corporate Services		-	-	-	1,062	772	950	950	700	738	778
Vote 4 - Local Economic Development		-	-	-	6,053	8,021	8,021	8,021	2,550	2,688	2,833
Vote 5 - Infrastructure and Planning		-	-	-	86,756	92,730	92,730	92,730	131,366	138,460	145,937
Vote 6 - Community and Social Services		-	-	-	32	32	32	32	35	54	83
Vote 7 - Waste Management		-	-	-	1,032	1,632	1,535	1,535	4,250	6,545	10,079
Vote 8 - Public Safety		-	-	-	1,410	1,710	1,710	1,710	950	1,463	2,253
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	97,925	106,719	107,080	107,080	141,981	152,191	164,319
Total Capital Expenditure - Vote		-	-	-	97,925	106,719	107,080	107,080	141,981	152,191	164,319

Table A6 – Budgeted Financial Position
EC442 Umzimvubu - Table A6 Budgeted
Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Current assets											
Cash		79,946	29,625	34,560	25,489	25,489	25,489	25,489	38,224	51,324	93,230
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	-	-	776	8,619	8,619	13,848	(20,083)	(31,854)	(44,202)
Other debtors		3,556	16,193	986	14,646	14,646	14,646	14,646			
Current portion of long-term receivables											
Inventory	2	742	354	526	354	354	240	154	451	451	451
Total current assets		84,244	46,172	36,072	41,265	49,108	48,993	54,136	18,592	19,920	49,478
Non current assets											
Long-term receivables											
Investments											
Investment property		18,095	14,286	14,286	14,286	14,286	14,286	14,286	14,286	14,286	14,286
Investment in Associate											
Property, plant and equipment	3	-	-	213,857	313,873	313,873	313,873	313,873	374,817	444,626	517,105
Agricultural											
Biological											
Intangible		377	298	1,310	298	298	298	298	314	331	349
Other non-current assets											
Total non current assets		18,472	14,584	229,452	328,457	328,457	328,457	328,457	389,417	459,244	531,740
TOTAL ASSETS		102,716	60,756	265,524	369,722	377,565	377,450	382,593	408,009	479,164	581,218
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	-	16,011	12,693	19,089	1,909	1,909	1,909	10,784	10,784	10,784
Provisions											
Total current liabilities		-	16,011	12,693	19,089	1,909	1,909	1,909	10,784	10,784	10,784
Non current liabilities											
Borrowing		4,229	1,255	937	937	937	937	937	937	937	937
Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		4,229	1,255	937	937	937	937	937	937	937	937
TOTAL LIABILITIES		4,229	17,267	13,629	20,026	2,846	2,846	2,846	11,720	11,720	11,720
NET ASSETS	5	98,487	43,489	251,895	349,697	374,720	374,605	379,747	396,289	467,443	569,498
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)			15,084	551							
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	-	15,084	551	-	-	-	-	-	-	-

Table A7 - Budgeted Cash Flows
EC442 Umzimvubu - Table A7 Budgeted
Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		19,391	15,870	17,850	26,043	42,098	42,098	42,098	29,964	31,582	33,287
Government - operating	1	79,373	135,120	115,522	109,767	116,252	116,252	116,252	121,494	128,055	134,970
Government - capital	1		23,939	31,157	67,795	67,795	67,795	67,795	129,066	136,036	143,381
Interest		4,388	4,346	2,556	4,000	948	948	948	980	1,033	1,089
Dividends											
Payments											
Suppliers and employees		(57,745)	(107,536)	(99,651)	(106,808)	(106,024)	(106,024)	(106,024)	(110,840)	(116,826)	(123,134)
Finance charges		(8)	(1,314)	(66)	(18)	(18)	(18)	(18)	(20)	(21)	(22)
Transfers and Grants	1		(2,175)	(3,408)	(1,968)	(3,178)	(318)	(318)	(3,170)	(4,176)	(4,401)
NET CASH FROM/(USED) OPERATING ACTIVITIES		45,398	68,250	63,960	98,811	117,873	120,733	120,733	167,473	175,682	185,169
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables		2,851	2,448	2,762							
Decrease (increase) in non-current investments											
Payments											
Capital assets		(35,683)	(41,388)	(43,243)	(97,475)	(106,719)	(106,719)	(106,719)	(156,781)	(165,247)	(174,171)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(32,832)	(38,940)	(40,481)	(97,475)	(106,719)	(106,719)	(106,719)	(156,781)	(165,247)	(174,171)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		12,567	29,310	23,479	1,336	11,154	14,014	14,014	10,692	10,435	10,999
Cash/cash equivalents at the year begin:	2	34,560	47,127	76,437				-		10,692	21,128
Cash/cash equivalents at the year end:	2	47,127	76,437	99,916	1,336	11,154	14,014	14,014	10,692	21,128	32,126

Table A8 – Cash backed reserves/ accumulated surplus
EC442 Umzimvubu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	47,127	76,437	99,916	1,336	11,154	14,014	14,014	10,692	21,128	32,126
Other current investments > 90 days		32,819	(46,812)	(65,356)	24,153	14,335	11,475	11,475	27,531	30,196	61,103
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		79,946	29,625	34,560	25,489	25,489	25,489	25,489	38,224	51,324	93,230
Application of cash and investments											
Unspent conditional transfers		-	2,017	1,909	19,089	1,909	1,909	1,909	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(3,556)	(1,835)	9,831	(13,972)	(30,344)	(29,474)	(36,076)	29,583	40,654	52,328
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(3,556)	181	11,740	5,117	(28,435)	(27,565)	(34,167)	29,583	40,654	52,328
Surplus(shortfall)		83,502	29,443	22,820	20,372	53,924	53,054	59,656	8,641	10,670	40,902

Table A9 – Asset Management

EC442 Umzimvubu - Table A9 Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	-	-	-	96,675	104,579	104,379	141,981	165,240	174,153
<i>Infrastructure - Road transport</i>		-	-	-	53,473	57,206	57,206	56,566	59,621	62,840
<i>Infrastructure - Electricity</i>		-	-	-	30,900	32,137	32,137	74,200	93,806	98,872
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	300	300	300	-	-	-
Infrastructure		-	-	-	84,673	89,643	89,643	130,766	153,427	161,712
Community		-	-	-	5,000	8,273	8,073	1,500	1,577	1,654
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	5,451	5,404	5,404	9,035	9,521	10,032
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	1,550	1,260	1,260	680	717	755
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
<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		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4									
<i>Infrastructure - Road transport</i>		-	-	-	53,473	57,206	57,206	56,566	59,621	62,840
<i>Infrastructure - Electricity</i>		-	-	-	30,900	32,137	32,137	74,200	93,806	98,872
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	300	300	300	-	-	-
Infrastructure		-	-	-	84,673	89,643	89,643	130,766	153,427	161,712
Community		-	-	-	5,000	8,273	8,073	1,500	1,577	1,654
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	5,451	5,404	5,404	9,035	9,521	10,032
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-

Intangibles		-	-	-	1,550	1,260	1,260	680	717	755
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	96,675	104,579	104,379	141,981	165,240	174,153
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		18,095	14,286	14,286	14,286	14,286	14,286	14,286	14,286	14,286
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		377	298	1,310	298	298	298	314	331	349
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	18,472	14,584	15,596	14,584	14,584	14,584	14,600	14,617	14,635
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		-	23,294	29,681	23,350	25,000	25,000	30,000	31,530	33,075
<u>Repairs and Maintenance by Asset Class</u>	3	-	-	2,863	1,849	2,048	1,205	3,236	3,404	3,577
<i>Infrastructure - Road transport</i>		-	-	2,863	1,050	800	800	600	631	661
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	600	631	661
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	2,863	1,050	800	800	1,200	1,261	1,323
Community		-	-	-	205	405	405	421	443	464
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6,7	-	-	-	594	843	-	1,614	1,700	1,789
TOTAL EXPENDITURE OTHER ITEMS		-	23,294	32,545	25,199	27,048	26,205	33,236	34,934	36,652
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		0.0%	0.0%	1.3%	0.6%	0.7%	0.4%	0.9%	0.8%	0.7%
<i>Renewal and R&M as a % of PPE</i>		0.0%	0.0%	18.0%	13.0%	14.0%	8.0%	22.0%	23.0%	24.0%

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Overview of annual budget process

Annual Planning Process

Budget planning follows a number of processes to enable us to achieve the final position. The starting point is obviously the IDP and it should be noted that this is the first IDP of the current IDP cycle.

The operating budget for 2013/14 has been driven totally on the premise of consumer affordability, as the municipality has a number of indigents.

This budget was compiled based on the strategic meeting held after the appraisal of the first six months performance of the 2012/13 financial year, and was presented to the Executive Mayoral Committee this year regarding the rate and tariff increases

This budget has concentrated on delivering previously agreed priorities and projects and completing and implementing these timeously. There is therefore little that is new in the process.

Budget Process 2013/14

The budget process followed the requirements of the MFMA. The budget timetable and major deadlines as approved by the Mayor in terms of section 21(1) (b) of the MFMA were followed,

A schedule of key deadlines was prepared for tabling in Council by the Mayor prior to the end of August 2012, which the draft annual budget was tabled by 28 March 2013; section 24 MFMA; however Circular 67 gave guidance to municipalities in preparation of the draft.

2013 – 2014 IDP AND BUDGET OUTREACH PROGRAMME
15th – 23rd April 2013

Date	Ward No.	Venue	Locality	Time	Team
15 April 2013	1	Zwifikile Phakade	Mount Ayliff	10H00	A
	2	Lubaleko community Hall	Mount Ayliff	10H00	B
	3	Msukeni Community Hall	Mount Ayliff	10H00	C
	4	Betshwana Community Hall	Mount Ayliff	10H00	D
16 April 2013	5	Ndzongiseni Community Hall	Mount Ayliff	10H00	A
	6	Mbumbazi Communit Hall	Mount Ayliff	10H00	B
	7	Mt Ayliff Town Hall	Mount Ayliff	10H00	C
	8	Lugelweni Community Hall	Mount Ayliff	10H00	D
17 April 2013	9	Sugarbush Community Hall	Mount Ayliff	10H00	A
	10	Colana Jun Sec School	Mount Frere	10H00	B
	11	Rhode Community Hall	Mount Frere	10H00	C
	12	Nophoyi Community Hall	Mount Frere	10H00	D
18 April 2013	13	Mhlutha Jun Sec School	Mount Frere	10H00	A
	14	Huku Community Hall	Mount Frere	10H00	B
	15	Lugangeni Community Hall	Mount Frere	10H00	C
	16	Nkulisa Jun Sec School	Mount Frere	10H00	D
19 April 2013	17	St Georges Jun Sec School	Mount Frere	10H00	A
	18	Mount Frere Town Hall	Mount Frere	10H00	B
	19	Zimbilini Church	Mount Frere	10H00	C
	20		Mount Frere	10H00	D
22 April 2013	21	Qoqa Jun Sec School	Mount Frere	10H00	A
	22	Njijini Community Hall	Mount Frere	10H00	B
	23	Pondomise Community Hall	Mount Frere	10H00	C
	24	Ezibholorheni Community Hall	Mount Frere	10H00	D
23 April 2013	25	Galili Jun Sec School	Mount Frere	10H00	A
	26	Zweljikile Community Hall	Mount Ayliff	10H00	B
	27	Mpendla Community Hall	Mount Frere	10H00	C

Municipality's budget is prepared on a three year basis. This takes into account the National and Provincial three year allocations to the municipality. The MFMA requires municipalities to prepare three year budgets to ensure more thorough financial planning and provide for seamless service delivery.

The municipality sets out measurable performance objectives to link the financial inputs of the budget to service delivery on the ground. This is done in a form of quarterly service targets and monthly financial targets that are contained in the Service Delivery and Budget Implementation Plan (SDBIP). The plan must be agreed by the Mayor within 28 days of the approval of the final budget and forms the basis Municipality's in year monitoring.

Section 6 – Overview of alignment of the annual budget with the Integrated Development Plan

Introduction

Municipalities are required to develop five year Integrated Development Plans which must be reviewed annually. It is also required that such plans must find expression in the budget. The IDP and Budget are inter-related documents. The IDP is the budget in words, just as the budget is IDP in figures. In the past years comprehensive efforts have been made towards ensuring that the two documents are closely link.

Umzimvubu's vision: To be the best run Municipality in South Africa

Umzimvubu's mission: To properly plan and deliver quality and sustainable services to improve the socio-economic status within the broader Umzimvubu community

Key challenges facing Umzimvubu

1. Sustainable Infrastructure

The rapid growth of the municipality has put a lot of pressure on the areas' infrastructure. Infrastructural needs are growing at an unprecedented rate which the municipality is struggling to match.

2. The challenge of promoting Local Economic Development

The need for the diversification of local economy through facilitation the emergency of previous underperforming sectors is an important catalyst for economic development. Our Local Economic Development strategy focuses on mainstreaming the previously disadvantage people. Crucial to this will be the need to work in partnership with relevant stakeholders in boosting employment and fostering SMMEs

3. The challenge of ensuring municipal viability

The municipality lives and dies by its ability to balance needs with resources. Umzimvubu cannot generate sufficient resources to properly satisfy all needs. Therefore those needs will have to be managed and dealt with in a financially sustainable manner.

4. The challenge of municipal transformation and institutional development

Staff development is a crucial to meet the challenges of Umzimvubu. The Employment Equity imperatives have to be assessed continual to ensure the Umzimvubu Municipality's transformation agenda of South Africa.

5. Public Participation

Public Participation is an important feature of any democratic environment. Although the legislative environment provides adequately for public participation, Umzimvubu Municipality is a challenged to ensure that it continues to build on its successes over the last few years

Section 7 – Measurable performance objectives and indicators

The list below are financial indicators and ratios:

- Borrowing management
- Safety of capital
- Liquidity
- Debtors' and creditors' management
- Mix of expenditure types
- Mix of revenue sources
- Unaccounted for losses in respect of services rendered

It is not the intention to go through each of the various indicators etc, but merely to highlight the fact that National Treasury now has the ability to monitor a budget with a cursory glance. These indicators are taken in conjunction with specifically to afford National Treasury the ability to monitor and take reasoned view on financial position of a municipality and in so doing they can either support the Council's approval of the budget.

Challenges

The challenges, as mentioned, are for capital funding to provide the additional community facilities and access roads to meet the growth of Umzimvubu and its infrastructure. Grant funding is used and also portion of equitable share, the management is seeking funding in all avenue to have infrastructure as to pave a way for Local Economic Development, as LED is the priority of the municipality

Section 8 – Overview of budget related policies

The detailed policies themselves are not included in this section of the budget documentation

Policies are also available at the Council offices in 813 Main Street for viewing as well as on the internet at www.umzimbubu.gov.za. This section gives a broad overview of the budget policy framework and highlights the amended policies to be approved by Council resolution

Name of policy	Type	Date of Council adoption	Purpose/Basic areas covered by the Policy	Summary of changes	Responsible Official
REVENUE RELATED					
Tariff	Unchanged		Setting criteria for establishing service tariffs	n/a	T Mketsu
Rates	Unchanged	31 May 2009	Setting criteria for establishing rates tariffs	n/a	T Mketsu
Credit Control	Changed		Principles and guidelines to be followed with respect to arrear consumer debt control	Debtors may be referred to 3 rd party debt collection agencies and may be placed on the National Credit Rating List If an account is not paid by the due date, interest will be charged on overdue accounts at 5% interest rate reviewable annually. All legal costs, including attorney and own client costs incurred in the recovery of arrears, shall be levied against the debtors account	T Mketsu
Revenue Collection	No formal policy	n/a	n/a	n/a	T Mketsu
Indigent support	Unchanged		Guidelines and	n/a	T Mketsu

			procedures for the subsidizing of rates and basic services to indigent households		
BUDGET & EXPENDITURE RELATED					
Supply Chain	Changed		Dictates procedures for the procurement of goods and services	Amendment: Replace 90/10 and 80/20 PPPF with new B-BBEE score card Increase 80/20 from R200 000.00 to R1 million, increase 90/10 from R1 million upwards New Supplier Database form as we are using Munsoft System Turnaround time for awarding of tenders	S. Lwana
Petty Cash	Changed		To ensure economic use & efficiency of municipal resource & to ensure speedy service delivery	Petty cash amount has increased from R2500 to R8000	NF Siwahla
Cash Management	Changed		To outline Creditors' payment terms	Suppliers will be paid weekly. Invoices are submitted every Monday December salaries will be paid on the 15 th .	NF Siwahla
Subsistence and Travelling Policy	Changed		To regulate travelling costs of both councilors and staff	An extra standard 10kms to be added to standard kms	NF Siwahla

				return trips	
Budget Policy	Changed	n/a	To set out the budgeting principles which the municipality will follow in preparing each annual budget, as well as the roles and responsibilities of in compiling such budget	<p>Depreciation and finance charges together shall not exceed 20% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.</p> <p>Budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 35% of the aggregate operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councilors shall be excluded from this limit</p>	S. Kweleta

Section 9 – Overview of budget assumptions

Introduction

Budget Assumption

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumption need to be made about internal and external factors that influence the budget. The section provides a comprehensive summary of the assumptions used in preparing the budget.

The budget is premised on a 72% payment level. This is in line with all our trends in the last 18 months and reflects similar outcome as at June 2012. This is below as compared to the outcomes of previous years.

External factors (population migration, employment, etc)

Over the recent years Umzimvubu has experienced rapid population growth. This must be seen as against the backdrop of developable land, a sensitive environment and a lack of new jobs being created in the local economy. This presents a serious challenge to Council to improve the efficiency of its systems.

The fact is that the population is growing faster and we have limited resources for service delivery and unemployment demands.

General inflation outlook and its impact on the municipal activities

The headline CPI forecast for 2013, 2014 and 201 are 5.6%, 5.4% and 5.4% respectively. The growth parameters apply to tariff increases for property rates, user and charges raised by municipalities; this is to ensure that all spheres of government support the national macroeconomic policies. Any increase that is above the forecast must be fully communicated to the community.

Rates, tariffs, charges and timing of revenue collection

	Budget 2013/14 R '000	Indicative 2014/15 R '000	Indicative 2015/16 R '000
Rate	8,900	9,353	9,820
Refuse	1,516	1,590	1,672

Collection rates for each revenue source and customer type

The Municipality has in place a fair rigorous credit control policy and has not been implement fully. Furthermore, its policy on indigent support and social rebates means that many households who would normally struggle to pay their accounts receive free or subsidised basic services thereby keeping them free of the municipal debt.

It is a fact that there will always be an element of the total amount billed that will remain uncollected. The municipality is the same as any other business in this regard. Provision has to be made in the budget for any bad debts based on assumptions on collection rates

The following bad debt provision and collection rates are assumed in the MTREF for rates and tariffs

	Budget 2013/14 R '000	Indicative 2014/15 R '000	Indicative 2015/16 R '000
Provision for bad debts	3,162	3,319	3,519
Table A4: Debt impairment			
Assumed collection rate	93.9	94.00	94.1
Supporting Table: SA10: Cash receipts % of ratepayers and other revenue			

Trends in demand for free or subsidised basic services

Umzimvubu's criteria for supporting free or subsidised basic services are set out in the indigent support policy. The Government allocates revenue via the Division of Revenue Act (DORA) in the form of Equitable Share Grant with the primary aim of assisting municipalities with the costs of providing free or subsidised basic services. Any costs over and above the Equitable share are met by the Municipality.

	Budget 2013/14 R '000	Indicative 2014/15 R '000	Indicative 2015/16 R '000
Cost of free basic services	2,500	2,622	2,751
Revenue cost of free services and all other rebate provided	631	662	695

Impact of national, provincial and local policies

Umzimvubu sees itself as working in partnership with national, provincial and district municipality spheres of Government in meeting the priority service needs of its people

Section 10 – Overview of budget funding

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17

Achievement of this requirement in totality effectively means that a Council has 'balance' its budget by ensuring that budgeted outflows will be offset by a combination of inflows. Refer to Section 4 and 'Supporting Table SA10: Funding measurement'

Fiscal Overview of Umzimvubu Municipality

There is a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management.

For the past two years the municipality received an unqualified audit opinion from Auditor General and in the 2010/11 and 2011/12. Umzimvubu municipality cannot afford salaries that are prerequisite to GRAP. There is already a lack of qualified accountants in South Africa and the complexities that are GRAP in local government are such that in rural municipalities it is highly unlikely that qualified accountants are going to work at the salaries on offer internally and Umzimvubu, however with the little we have we striving to achieve the clean administration by COGTA.

Long term financial planning

The moderate growth of Umzimvubu coupled with the migration of people to the area has increased service delivery challenges for municipality. Financial management and budget planning is sound, but it has to be managed within narrow financial parameters given the challenges and limited financial resources. Umzimvubu municipality is funding its capital expenditure by grants and a very small portion internal funding, however the municipality has managed to secure a DBSA loan for electricity generation.

Section 11 - Expenditure on allocations and grant programmes

Disclosure on expenditure on allocation and grant programmes is done by way of Annexure, "Supporting Table SA18: Transfers and grants receipts, Supporting Table SA19: Expenditure on transfers and grant programme and Supporting Table SA20: Reconciliation of transfers, grant receipts and unspent funds"

Expenditure for each grant for 2013/14 to 2015/16 is summarised in the table below. Note that the expenditures include the Vat portion that is recognised

Grant Name	Allocation Authority/Department	Budget 2013/14 R '000	Indicative 2014/15 R '000	Indicative 2015/16 R '000	Purpose
Equitable Share	National Government	117,834	136,376	170,923	
Finance Management Grant	National Government	1,550	1,600	1,650	To promote and support reforms in financial management by building capacity in municipalities to implement Municipal Finance Management Act
Municipal Systems Improvement Grant	National Government	890	934	967	To assist municipalities in building in house to perform their functions and stabilise institutional and government systems
Municipal Infrastructure Grant	National Government	40,066	43,323	46,294	To supplement capital finance for basic municipal structure for poor households, micro enterprise and social institution. The operating portion is utilised for Project

					Management Unit
Intergrated Electrification Programme	National Government	20,000	30,000	30,000	Electricity generation
DBSA	DBSA	54,000			Electricity generation
EPWP	Public Works	1,220			Expanded Public Works
Local Government Support	Provincial Government	1,000	1,061	1,124	Operation Clean Audit
Sport Arts and Culture	Provincial Government	141	141	141	Library Services
Local Government Support	Provincial Government	117	112	110	LED capacity

Section 12 - Allocations and grants made by the Municipality

Allocations made by the Municipality

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Any allocation made to an outside body must comply with the requirements of section 67 of MFMA. This stipulates that before transferring funds to an outside organisation the Municipal Manager, as Accounting Officer, must be satisfied that the organisation or body has the capacity to comply with the agreement and has adequate financial management and other systems in place

Revenue cost of rebates given	Budget 2013/14 R'000	Indicative 2014/15 R'000	Indicative 2015/16 R'000
Indigent Support	3,131	3,285	3,446

Section 13 – Councillor Allowances and employee benefits

‘Supporting table SA22: Summary councillor and staff benefits and ‘Supporting Table SA23: Salaries, allowances and benefits (political office bearers/ councillors/senior managers).

Umzimvubu municipality’s councillors’ allowances are paid at a grade 3, and an increment of 6.85% has been effected on this 2013/14 budget. The budget for councillors’ allowances has increased as the number of councillors has increased from 54 to 65 because of the incorporation of Traditional leaders.

Umzimvubu has employed 240 employees in order to carry out service delivery. Employee cost has been calculated at an estimated CPI 5.6% increase plus 1.25% per the SALGA. The municipality is fully implementing the outcomes of job evaluation which started last year on the 1 July 2010,

Section 14 – Monthly targets for revenue, expenditure and cash flow

Disclosure on monthly targets for revenue, expenditure and cash flow in the following Supporting Tables

Monthly operating budget revenue and expenditure projections

‘Table SA25: Budgeted monthly revenue and expenditure’ reflects consolidated projections of revenue by source and expenditure by type for the budget year broken down for the budget year, and shown in total for the following two years

‘Table SA26: Budgeted monthly revenue and expenditure (municipal vote)’ and ‘Table SA27 Budgeted monthly revenue and expenditure (standard classification)’ reflect revenue and expenditure broken down per month for the budget year, and shown in total for the following two years

Monthly capital budget revenue and expenditure projections

‘Table SA28: Budgeted monthly capital expenditure (municipal vote)’ and ‘Table SA29: Budgeted monthly capital expenditure (standard classification)’ shows capital expenditure broken down per month for the budget year, and shown in total for the following two years

Monthly cash flow projections

‘Table SA30: Budgeted monthly cash flow’ set up receipts by source or payments by type both operating and capital, broken down per month for budget year, and shown in total for the following two years

Section 15 – Annual budgets and service delivery and budget implementation plans – internal departments

Adoption of the Service Delivery and Budget Implementation Plan

In terms of section 53(1)(c)(ii) of the MFMA and the Service Delivery and Budget Implementation Plan must be approved by the Mayor within 28 days after the final approval of the budget.

Contents of the SDBIP

The SDBIP must contain monthly projections of income and expenditure and quarterly projections of measurable performance objectives.

SDBIP requirements

The SDBIP is essentially a business plan and is an integral part of the financial planning process. Although its approval is required after the budget, its preparation occurs in tandem with the budget process. The SDBIP is the connection between strategic planning, IDP, budget and management performance agreements, and includes detailed information on how the budget will be implemented, by means of forecast cash flows and service delivery targets and performance indicators.

National and Provincial Government refer to five national KPAs they regard as essential to Local Authorities meeting their responsibilities these are:

1. Institutional Transformation and Financial Viability
2. Environmental Planning and Management
3. Infrastructure Development
4. Community Services
5. Local Economic Development

Section 16 – Annual budgets and service delivery agreements – municipal entities and other external mechanisms

'Table SA31 municipal entities' the table shows that the municipality doesn't have entities

Table SA32: List of external mechanism' the municipality doesn't have service delivery contracts.

Section 17 - Contracts having future budgetary implications

'Supporting Table SA: Contract having future budgetary implications' Annexure 2 discloses all contracts which will impose financial obligations on the municipality beyond the three years covered in the annual budget

Since Umzimvubu falls in a category of municipalities with approved revenue of R204million, have no contracts beyond the three years covered in the annual budget.

Section 18 – Capital expenditure details

Capital details are shown in the Annexure....

- 'Supporting Table SA6: Reconciliation of IDP strategic objectives and budget (capital expenditure)
- 'Supporting Table SA34a: Capital expenditure on new assets by asset class'
- 'Supporting Table SA34b: Capital expenditure on the renewal of existing assets by asset class'
- 'Supporting Table SA24c Repairs and maintenance expenditure by asset class'
- 'Supporting Table SA36: Detailed capital budget'

Section 19 – Legislation compliance status

The disclosure on legislation compliance must provide a brief summary of the status of the implementation of legislation applicable to municipalities including the progress made or delays experienced in implementation

Municipal Finance Management Act – No 56 of 2003

The MFMA became effective on 1st July 2004. The Act modernises budget and financial management practises within the overall objective of maximising the capacity of municipalities to deliver services.

The MFMA covers all aspects of municipal finance including budgeting, supply chain management and financial reporting.

The various sections of the Act are phased in according designated financial management capacity of municipalities. Umzimvubu has been designated as medium capacity municipality.

The MFMA s the foundation of municipal financial management reforms which municipalities are implementing.

The MFMA and the budget

The following explains the budgeting process in terms of the requirement in the MFMA. It is based on the National Treasury Budget Regulations.

The budget preparation process

The mayor must lead the budget preparation process through a coordinated cycle of events that commences at least ten months before the start of each financial year.

Overview

The MFMA requires a Council to adopt three-year capital and operating budgets that take into account, are linked to, the municipality's current and future development priorities and other finance related policies (such as those relating to free basic provision)

These budget must clearly set out revenue by source and expenditure by vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow, particulars of borrowings, investments, municipal entities, services delivery agreements, grants allocations and employment costs.

The budget must be funded only from reasonable estimates of revenue and cash backed surplus funds from previous year and borrowing (the borrowings are only for capital items)

Budget preparation timetable

The budget preparation time table is prepared by senior management and tabled by Mayor for council adoption on 31 August (ten months before the commencement of the next budget year)

Budget preparation and review of IDP and policy

The Mayor must co-ordinate the budget preparation process and the review of Council's IDP and budget related policy, with the assistance of the municipal manager.

The Mayor must ensure that the IDP review forms and integral part of the budget process and that any changes to strategic priorities as contained in the IDP have realistic projections of revenue and expenditure. In developing the budget, the management has to take account the National and Provincial, the National fiscal and macro-economic policy. The Mayor must consult with the district

Council and all other local municipalities within the district as well as the relevant provincial treasury and other government departments.

Tabling of the draft budget

The initial draft budget must be tabled by the Mayor before Council for review by 31 March.

Publication of the draft budget

Once tabled at council, the Municipal Manager must make public the appropriate budget documentation and submit it with National Treasury, the relevant Provincial Treasury. And other departments as required. At this time, the local community must be invited to submit representations on what is contained in the budget.

Opportunity to comment on the draft budget

When the draft is tabled, Council must consider the views of local community, NT,PT other municipalities and government department that may have made submission on the budget.

Opportunity for the revision to draft budget

After considering all views and submissions, Council must provide an opportunity for the Mayor to respond to the submissions received and if necessary to revise the budget and table amendments for Council consideration.

Following the tabling of draft budget at the end of March, the months of April and May should be used to accommodate public and government comment and make any revision that may be necessary. This may take form of public hearing, Council debates, formal and informal delegations to the National treasury, provincial treasury and other municipalities, or any other consultative forums designed to address stakeholders priorities

Adoption of the annual budget

Council must consider the approval of the budget thirty day before the start of the budget year.

BUDGET IMPLEMENTATION

Implementation management – the Service Delivery and Budget Implementation Plan (SDBIP)

The Municipal Manager must within 14 days of the approval of annual budget submit to the Mayor for approval draft SDBIP and draft annual performance agreements for all pertinent senior staff. An SDBIP is a detailed plan for implementing the delivery of municipal services contemplated in the annual budget and should indicate monthly revenue and expenditure projections and quarterly services delivery targets and performance indicators.

Mayor must approve the draft SDBIP within 28 days of the approval of annual budget (by 28 July at the latest)

This plan must then be monitored and reported by the Mayor to council on a regular basis.

Managing then implementation process

The municipal manager is responsible for the implementation the budget and must take steps to ensure that all spending in accordance with the budget and that revenue and expenditure is properly monitored.

Variation from budget estimates

Generally, Council may incur expenditure only if it's in terms of the approved budget, within the limits of the amount amounts appropriated against each vote – and in case of capital expenditure, only if council has approved the project.

Expenditure incurred outside of the above parameters may be considered to be unauthorised or, in some cases, irregular or fruitless or wasteful.

Unauthorised expenditure must be reported and may result in criminal proceedings.

Revision of budget estimates – adjustment budget

It may be necessary on occasion for council to consider a revision of its original budget, owing to material and significant changes in revenue collections, expenditure patterns, or forecast thereof for the remainder of the financial year

In such cases the municipality may adopt an adjustment budget, prepared by the municipal manager and submitted to the Mayor for consideration and tabling at a council for adoption.

The adjustment budget must contain certain prescribed information, it may not result in further increases in taxes and tariffs and it must contain certain appropriate justifications and supporting material when approved by council.

Requirements of MFMA relating to annual budget and supporting documentation

Section 17 of the MFMA stipulates that annual budget of the municipality must be a schedule in prescribed format and sets out what must be included in that format. The various tables detailed in Section 4 and those additionally attached comply with the requirements

Other Legislation

In addition to the MFMA, the following legislation also influences Municipality's budgeting;

The Division of Revenue Bill 2013 and Provincial Budget Announcements

Three year national allocation to local government are published per municipality each year in the Division of Revenue Act. The Act place duties on municipalities in additions to requirements of MFMA, specifically with regard to reporting obligations.

Allocations to municipality from Provincial Treasury are announced and published in the Provincial budget

Section 18 of the MFMA states that annual budgets may only be funded from reasonable anticipated revenues to be collected. The provision in the budget for allocation from National and Provincial Government should reflect the allocations announced or published in the DORA or in the relevant Provincial Gazette.

The Municipal Systems Act – No 32 of 2000 and Municipal Systems Amendment Act – No 44 of 2003

One of the key objectives of the MSA is to ensure financially and economically viable communities. The requirement of the Act link closely to those of MFMA. In particular, the following requirements need to be taken to consideration in the budget process;

- Chapter 4 and 5 relating to community participation and the requirements for the Integrated Development Plan process.
- Chapter 6 relates to performance management which links with the requirements for the budget to contain measurable performance objectives and quarterly performance targets in the Service Delivery and Budget Implementation Plan.

- Chapter 8 relates to the requirement to produce a tariff policy

Section 20 – Other supporting documents

Various supporting documents are attached to enable the reader a full understanding of various processes involved. These are the following:

Annexure 1 – Main Budget Tables

Tables A1 to A10

Annexure 2 – Supporting Budgets Tables

Supporting Tables SA1 to SA37

Annexure 3 – Tariffs, Charges and Fees for 2013/14

Annexure 4

Municipal Budget Circular for the 2013/14 MTREF – MFMA Circular 67

Annexure 5

Process Plan 2013/14

Annexure 6 – Policies

- *Property rates*
- *Credit control*
- *Indigent & rebate*
- *Tariff*
- *Petty Cash*
- *Supply Chain Management*
- *Lost Control*
- *Mayoral Vehicle*
- *Budget*
- *Banking*

Section 21 – Municipal Manager’s quality certification

An annual budget and supporting documentation must be covered by quality certificate in the format as per page 68 of the Government Gazette 32141 – 17 April 2009

QUALITY CERTIFICATE

I, GPT Nota, municipal manager of Umzimvubu Municipality, hereby certify that 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 G.P.T. Nota

Municipal Manager of Umzimvubu Municipality [EC 442]

Signature 

Date 30/05/2013