

2015-2016

# ANNUAL BUDGET UMKHANYAKUDE DISTRICT MUNICIPALITY



2015-2016 TO 2017-2018  
MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK  
2015-2016

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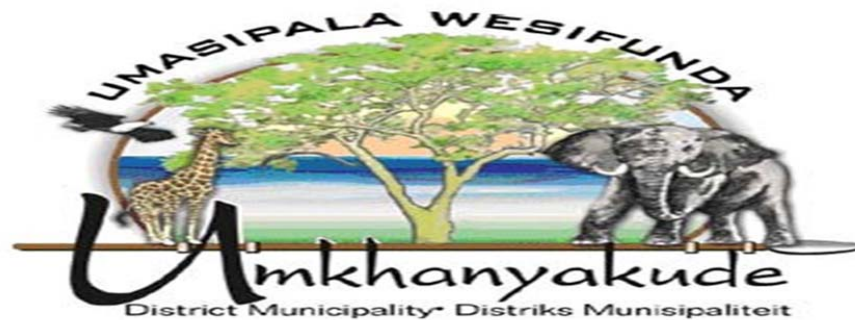
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## Abbreviations and Acronyms

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

**PART 1 – ANNUAL BUDGET**

**1.1 Mayor's Report**



**UMKHANYAKUDE DISTRICT MUNICIPALITY**

**MAYOR'S REPORT**

**BUDGET 2015-2016**

UMkhanyakude District Municipality have limited financial resources to satisfy the unlimited needs of the people. Therefore as the municipality we need to use our financial resources wisely by eliminating non-priority items in our budget.

The council of the municipality have the responsibility to eradicate the high volume of the service delivery backlogs particularly in the infrastructure of the water and sanitation in the whole area of UMkhanyakude District. The more attention should be focused on an outdated and aging infrastructure that end up instigating huge losses of water and interrupt the services delivery to the community.

The municipality is faced with challenge of high unemployment rate with the high rate of indigent households, and this affect the debt collection of the municipality. Based on that from the portion of the equitable share the municipality will allocate the funds to free basic services to cater for the poor.

The budget for UMkhanyakude District is more focused on the services delivery strategic priorities that were approved by the council of the municipality, which are as following:

- Sanitation/sewerage
- Water crisis
- Environmental health
- Economic, Social or Community and Skill Development
- Revenue enhancement
- Spatial planning and development
- Communication and information Technology
- Good governance and clean audit
- Poverty eradication and food security

In order for the municipality to ensure the smooth implementation of the above mentioned strategic priority we need to device good communication techniques between the municipality, community and other stakeholders. This should include communicating the IDP, Budget, SDBIP, Performance reports/Annual Reports, setting of targets etc., to ensure that we are all striving for the same achievements.



UMkhanyakude District will ensure that all employees of the municipality are subscribed to Batho Pele principles. The 2015-2016 final budget have been published and communicated to the community for their inputs and adopted by the council on the 29 May 2014.



**Cllr S. J Vilane**

**The Mayor: UMkhanyakude District Municipality**

The total consolidated operating revenue budget and capital revenue budget for uMkhanyakude District Municipality is R 618 998 000.00, and operating and capital expenditure is R618 998 000.00 with a deficit of R0.00 below is the summary.

***The summarised consolidated final budget 2015-2016 for UMkhanyakude District Municipality:***



**UMKHANYAKUDE DISTRICT MUNICIPALITY  
2015-2016 DRAFT BUDGET**

DC27 Umkhanyakude Consolidated Budget Summary Description	2015/16 Medium Term Revenue & Expenditure		
	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>			
Revenue			
Operating Revenue	366 825 000	396 999 000	421 953 000
Capital Contributions	252 173 000	258 199 000	275 620 000
<b>Total</b>	<b>618 998 000</b>	<b>655 198 000</b>	<b>697 573 000</b>
<b>Expenditure</b>			
Operating Expenditure	366 825 000	396 999 000	421 953 000
Capital Expenditure	252 173 000	258 199 000	275 620 000
<b>Total</b>	<b>618 998 000</b>	<b>655 198 000</b>	<b>697 573 000</b>
Surplus/Deficit	<b>0</b>	<b>0</b>	<b>0</b>

**Consolidated Operating budget 205-2016**



**UMKHANYAKUDE DISTRICT MUNICIPALITY  
2015-2016 BUDGET**

DC27 Umkhanyakude Consolidated Budget Summary Description	2015/16 Medium Term Revenue & Expenditure		
	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>			
<b>Financial Performance</b>			
Service charges	48 063 207	47 895 822	51 115 784
Investment revenue	1 085 143	1 137 230	1 204 327
Transfers recognised - operational	284 386 950	309 950 150	341 388 550
Other own revenue	33 290 000	38 016 000	28 244 000
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>366 825 000</b>	<b>396 999 000</b>	<b>421 953 000</b>
<b>Expenditure</b>			
Employee costs	135 490 852	142 062 936	148 641 757
Remuneration of councillors	11 409 000	12 035 000	13 655 457
Depreciation & asset impairment	24 412 818	26 496 808	28 060 120
Finance charges	316 800	332 006	351 595
Materials and bulk purchases	92 310 197	98 152 914	103 937 755
Transfers and grants	3 828 000	4 012 000	4 248 000
Other expenditure	98 863 000	113 696 000	122 824 000
<b>Total Expenditure</b>	<b>366 825 000</b>	<b>396 999 000</b>	<b>421 953 000</b>
<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Capital Budget 2015-2016



### UMKHANYAKUDE DISTRICT MUNICIPALITY DRAFT BUDGET 2015-2016

Description	Draft Budget year 2015-2016	Draft Budget year+1 2016-2017	Draft Budget year+2 2017-2018
<b>Capital Grants</b>			
MIG	199 898 050	208 318 850	220 942 450
Rural Household Infrastructure Grant	4 000 000	4 500 000	5 000 000
Rural Road Assets Management Grant	2 447 000	2 516 000	2 676 000
EPWP	1 308 000		
<b>Total</b>	<b>207 653 050</b>	<b>215 334 850</b>	<b>228 618 450</b>
<b>Capital Expenditure</b>			
Waste water management	172 911 977	115 679 135	158 315 000
Waste management	26 986 073	92 639 715	62 627 450
Rural Household Infrastructure Grant	4 000 000	4 500 000	5 000 000
Rural Road Assets Management Grant	2 447 000	2 516 000	2 676 000
EPWP	1 308 000		
<b>Total</b>	<b>207 653 050</b>	<b>215 334 850</b>	<b>228 618 450</b>
<b>Surplus/(Deficit)</b>	-	-	-



<b>UMKHANYAKUDE DISTRICT MUNICIPALITY</b>		
<b>2015-2016 BUDGET</b>		
<b>SERVICE DELIVERY LIST AS PER DC27 IDP STRATEGIC PRIORITIES</b>		
<b>Sanitation/Sewerage</b>		<b>26 986 073</b>
Thembaletu Sanitation	5 736 073	
Ingwavuma VIP sanition	10 625 000	
Mtuba sanitation	10 625 000	
<b>Water</b>		<b>264 803 100</b>
Kwajobe/Ntshongwe CWSS	15 000 000	
Mkhuze WTW Plant Upgrade	7 000 000	
Mkuze WTW Upgrade and Refurbishment	25 200 000	
Hlabisa Mandlakazi Water retic	50 692 869	
Disaster Management Centre	1 750 000	

Mpukunyoni CWSS Remedial	15 000 000		
Shemula Community Water Supply Scheme	15 000 000		
Jozini Regional Community Water Supply	30 000 000		
Manguzi Star of the Sea water project	8 269 108		
Hire of Water Plant	4 580 926		
Bulk water purchased	92 310 197		
<b>Environmental Health</b>		<b>7 786 000</b>	
Municipal Health	633 600		
Disabiliy programmes	316 800		
HIV/AIDS Intervention programmes	264 000		
Disaster Management	1 056 000		
Refuse Removal	10 000		
Poverty Alleviation	200 000		
LED projects	105 600		
District Planning commision	86 000		
Umhlosinga transfer	3 828 000		

Growth and development	86 000		
Tourism Projects	1 000 000		
Business Development and Surpport	200 000		
<b>Economic, Social or Community and Skill Development</b>		<b>3 663 200</b>	
Busaries	489 200		
Arts & Culture	211 200		
Sport DC27	2 129 200		
Youth programmes	200 000		
Gender ( Women and Men)	211 200		
Childrens and Senior citizens	422 400		
<b>Revenue enhancement</b>		<b>29 072 460</b>	
Repairs and maintanance :water schems	27 488 460		
Repairs and maintanance :electricity	1 584 000		
<b>Spatial planning and development</b>			

		<b>461 520</b>	
Land use management	55 920		
Informal Economy Support Programme	-		
GIS	105 600		
SMME's and co-operatives	300 000		
<b>Communication and information Technology</b>		<b>3 891 000</b>	
System Support Services (IT)	1 095 000		
Publicity & Marketing	100 000		
Communication	2 696 000		
<b>Good Governance and clean audit</b>		<b>3 883 680</b>	
Audit committee	84 480		
IGR	105 600		
IDP Roadshows	1 612 000		
Community Participation	264 000		
Council outreach	100 000		



Meyoral Project	211 200		
Internal Audit	1 084 000		
MPAC	422 400		
<b>Operational cost</b>		<b>284 942 555</b>	
Staff salaries	135 490 852		
Council remuneration	11 409 000		
Electricity	19 832 491		
Contract services	25 160 290		
Other expenses	93 049 922		
<b>Total budget</b>		<b>625 489 587</b>	

## 1.2 Council Resolution

## **1.3 EXECUTIVE SUMMARY**

### **1.3.1 Introduction**

The final budget 2015-2016 total consolidated amount is R625.4 million which has been developed with an overall planning framework and includes programme and projects to achieve the municipality's strategic objectives. This budget is working towards appearing to the reality of the need of water in the community, addressing issues of unemployment, poverty, inequality and ensuring of rendering the sustainable services delivery to UMkhanyakude District.

An amount of R402.5 million has been allocated to the operational revenue budget and the capital budget for the infrastructure is R 207.6. 3million. The projection for the service charges and other income is R48.0 million. The total of R 610.1 million is the total of the parent municipality (UMkhanyakude District Municipality) and the entity (UMhlosinga Development Agency)

The Medium-Term Revenue and Expenditure Frame Work is released for the consultation of the community, business, internal and external stakeholders, so they can have the influence in the area of UMkhanyakude. The budget enables the implementation of our goals as set out on the Integrated Development Plan

### **1.3.2 Strategic priorities for 2015-2016**

UMkhanyakude District Municipality's budget have considered the Government key priorities area in general, which are as following:

- Job creation
- Education
- Health
- Rural Development,
- Safety and security

The municipality has identified all of the above priorities and these other priorities that need to be addressed:

- Sanitation/Sewerage
- Water crisis
- Environmental Health
- Poverty eradication and food security
- Economic, Social or Community and Skill Development
- Revenue enhancement
- Spatial planning and development
- Communication and information Technology
- Good governance and clean audit

#### ***JOB CREATION***

The Municipality has set aside the projection of R1 million for the creation of decent work and sustainable livelihood in the Tourism Development and marketing programme. This projection will cover all Local Municipalities within UMkhanyakude District family of the municipalities. An estimated of 100 job opportunities will be created during the development of these projects. R 105 600.00 is

budgeted for the Local Economic Development. The R 211 200.00 for gender (women and men) programmes has been provided on the current budget.

### ***EDUCATION***

The municipality has budgeted for bursaries an amount of R 489 200.00 that will assist the youth of UMkhanyakude that cannot afford to further their studies. It is in municipality's attentiveness to train the students on the courses that will assist them to work for the municipality. The bursary will be given for the courses such as artisan, plumbing etc. Other allocation is for youth development programmes R200 000.00 and R 2 129 000.00 for sport of UMkhanyakude youth.

### ***HEALTH***

The municipality has a budget of R633 600.00 for the municipal environmental health to ensure that there is a decrease in the transmission and spread of communicable diseases through health education, and also improve the water quality monitoring programmes and strengthen the food monitoring programmes. To coordinate the development of hazardous substances control programme in the district. This staff will be dealing with promoting good health to the community. The HIV/AIDS programme has an allocation of R264 000.00 to improve the livelihoods of the poor, vulnerable groups and support initiatives to reduce vulnerability of infectious diseases, especially reduce the impact of HIV/AIDS on communities. Disability allocation is R316 800.00 to raise awareness to the community of UMkhanyakude and support to people living with disability.

### ***RURAL DEVELOPMENT***

UMkhanyakude allocated R86 000.00 for the review of District Development plan, Land use management R55 920.00, Local Economic Development R105 600.00. During these developments there will be job opportunities created. Economic activeness of Small, Medium and Micro Enterprises (SMMEs) have an allocation of R 300 000.00

### ***SAFETY AND SECURITY***

The budget for the community participation of R 264 000.00 will be used for the awareness campaign in the community. To promote food security to eradicate poverty within the district an additional of R200 000 has been allocated.

### ***WATER AND SANITATION***

The main basic service for UMkhanyakude is to render water to the community. The municipality made a provision for R 6.3 million for the free basic services. The provision for water is R 156.7 million and sanitation for R 36 million, to ensure the efficient, uninterrupted and sustainable water and sewerage infrastructure network to reduce services delivery backlogs in the communities and boost economic development for the purpose of reducing unemployment rate within the district.

National Treasury's MFMA Circular No. 74 and 75 was used to guide the compilation of the 2015-2016 draft MTREF.

### **1.3.3 Challenges**

The main challenges experienced during the compilation of the 2015-2016 draft MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- The high rate of unemployment within UMkhanyakude
- The high rate of indigent within UMkhanyakude
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;

The increased cost of bulk water and electricity (due to tariff increases from Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;

Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and

Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2015-2016 MTREF process

### **1.3.4 Budget principles and guidelines that directly informed the compilation of the 2015-2016 draft MTREF**

The 2014-2015 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015-2016 annual budget;

Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity.

In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

The following table is a consolidated overview of the proposed 2015-2016 Medium-term Revenue and Expenditure Framework:

**Table 1: Consolidated Overview of the 2015-2016 MTREF**

DC27 Umkhanyakude - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Total Revenue (excluding capital transfers and contributions)	263,893	271,355	336,748	320,950	296,464	296,464	296,464	366,825	396,999	421,953
Total Expenditure	254,742	332,648	470,517	320,949	317,977	317,977	317,977	366,825	396,999	421,953
Surplus/(Deficit)	9,151	(61,293)	(133,769)	0	(21,513)	(21,513)	(21,513)	(0)	0	(0)

Total operating revenue has increase with 35 per cent or R 70.4 million for the 2015-2016 financial year for the consolidated budget when compared to the 2014-15 Adjustments Budget. For the two outer years, operational revenue will increase by 6 per cent and 9 per cent respectively, equating to a total revenue growth of R 30.2 million and R24.9 respectively over the MTREF consolidated.

Total consolidated operating expenditure for the 2015-2016 financial year has been appropriated at 35 per cent increase when compared to the 2014/15 Adjustments Budget and by 6 per cent and 9 per cent for each of the respective outer years of the MTREF.

The capital budget increased with R73.3 million in the 2015/16 financial year, then increased in 2016/17 with R6.0 million and 2017/18 increased with R17.4 million

#### **1.4 Operating Revenue Framework**

In order for UMkhanyakude District municipality to continue improving the quality of services provided to the citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to 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;
- Growth in the municipality and continued economic development;
- Efficient revenue management
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a consolidated summary of the 2015-2016 MTREF (classified by main revenue source):

**Table 2: Summary of revenue classified by main revenue source**



DC27 Umkhanyakude - Table A1 Consolidated Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	45,793	41,940	43,573	44,804	44,854	44,854	44,854	48,063	47,896	51,116
Investment revenue	11,144	12,680	6,843	18,245	1,027	1,027	1,027	1,085	1,137	1,204
Transfers recognised - operational	201,496	214,251	281,011	238,736	239,736	239,736	239,736	284,387	309,950	341,389
Other own revenue	5,460	2,485	5,321	19,165	10,847	10,847	10,847	33,290	38,016	28,244
Total Revenue (excluding capital transfers and contributions)	263,893	271,355	336,748	320,950	296,464	296,464	296,464	366,825	396,999	421,953

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

Revenue generated from services charges forms a significant percentage of the revenue basket for the municipality. Service charge revenues comprise of 11 per cent of the consolidated total revenue mix 2015-2016. In the 2015-2016 financial year, revenue from services charges totalled R48.0 million. In 2015-16 consolidated budget for service charges increases to R48.0 million, R47.8 million and R51.1 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from services charges which increases with 11 per cent in 2015-16 after the adjustment budget that was because during the adjustment budget the municipality calculated the adjustment figure based on the actual during that period. Now the municipality has increased its actual revenue and conventional revenue budget increased. The outer year's percentage is 4 per cent in 2016/17. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.

Operating grants and transfers totals R284.3 million in the 2015-2016 financial year gazetted for UMkhanyakude District municipality, and steadily increases to R309.9 million by 2016-2017 and R341.2 million by 2017-2018. Note that the year-on-year

growth for the 2016-2017 financial year is 21 per cent and then flattens out to 10 per cent in 2017-2018 years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term as gazetted in Division of Revenue Act bill:

**Table 3: Operating Transfers and Grant Receipts**

<b>Operating Transfers and Grants</b>			
<b>Operational Grants</b>	<b>Final Budget year 2015-2016</b>	<b>Budget year+1 2016- 2017</b>	<b>Budget year+2 2017-2018</b>
Equitable share	265 376 000	292 876 000	320 377 000
FMG	1 250 000	1 250 000	1 250 000
MSIG	940 000	960 000	1 033 000
Water Service Operating Subsidy	5 200 000	3 500 000	7 000 000
Development Planning and Shared Services	<b>1 100 000</b>	400 000	
PMU	10 520 950	10 964 150	11 628 550
<b>Total</b>	<b>284 386 950</b>	<b>309 950 150</b>	341 288 550

Tariff-setting is an essential and strategic part of the compilation of any budget. When charges will be revised, local economic conditions, input costs and the affordability of services will be taken into account to ensure the financial sustainability of the UMkhanyakude. The municipality is under the review of current tariffs, based on that only the tariffs for commercial as well as departments will increase with CPI rates.

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 4.8 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.

It must also be appreciated that the consumer price index, as measured by CPI, is a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as

food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.

**Table 4: Proposed Water Tariffs**

**PROPOSED CHARGES AND TARIFFS 2015-2016**

	<b>Water proposed tariffs for 2015-2016</b>		
<b>Area</b>	<b>Description</b>	<b>Current Tariffs 2014-2015</b>	<b>Proposed Tariffs 2015-2016</b>
	Water		
<b>All area in DC27</b>	<b>RESIDENTIAL</b>		
	0-6kl	Free	Free
	7-20kl	6.69	6.69
	21-30kl	10.37	10.37
	31-40kl	12.55	12.55
	40-50kl	15.38	15.38
	<51kl	19.87	19.87
	<b>COMMERCIAL</b>		
	0-20kl	11.73	12.29
	0-30kl	14.27	14.95
	0-40kl	15.12	15.84
	0-50kl	16.80	17.60
	<51kl	20.16	21.12
	<b>GOVERNMENT</b>		
	0-20kl	11.73	12.29

	0-30kl	14.27	14.95
	0-40kl	15.12	15.84
	0-50kl	16.80	17.60
	<51kl	20.16	21.12
	<b>BULK WATER SALES</b>	6.69	6.69
	<b>PREPAID WATER</b>	6.69	6.69
DOMESTIC CONSUMER DEPOSIT	Domestic 2x Ave consumption minimum	350	370.00
BUSINESS & OTHER CONSUMER DEPOSIT	Commercial 2x Ave consumption minimum	957	1010.00

<b>Proposed Other Water Related Tariffs for 2015-2016</b>			
<b>Area</b>	<b>Description</b>	<b>Current Tariffs 2014-2015</b>	<b>Proposed Tariffs 2015-2016</b>
Water connection up to 25m	Domestic	R 0.00	R 0.00
Water connection up to 25m	Commercial/Other	R 1,790.25	R 1890.00
All connection above 25mm		actual cost + 10%	actual cost + 10%
Special meter reading		R 209.00	R 220.50
Prepaid meter		cost of meter + 10%	cost of meter + 10%
Final reading disconnection		R 22.00	R 23.25
Testing of a meter		R 477.40	R 504.00
Tampering fee		R 1,320.00	R 1393.00
Water Tanker service	Per kl + cost per km	R19.25	R 20.35
Water Tanker cost per km	Per km	R9.90	R 10.45
Reconnection for non-payment		R 181.50	R 191.50
Water in unmetered area	Per Household	R33.55	R 35.40
All other work		cost + 10%	cost + 10%



#### **1.4.1 Sale of water and impact on 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 2016. Better maintenance of infrastructure will ensure that the supply challenges are managed in future to ensure sustainability. A tariff increase of 4.8 per cent from 1 July 2016 for water is proposed for the commercials. This is based on the CPI inflation rate of 4.8 per cent for 2015-2016. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents. The municipality had losses from the prior year and the municipality is still expecting losses in the 2015-16 for water services, the municipality has a challenge for pipelines as there were made with asbestos special at Mtubatuba area. The pressure of water resulting the pipeline to bust and it takes times to fix the leakages due shortage of materials.

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

#### **1.4.2 Sale of electricity and impact on tariff increases**

NERSA proposed a 12.20 percent increased for bulk electricity pricing structure, as from 1 July 2016. The municipality calculated 12.20 percent from 2013-2014 audited outcome, which reflects a true reflection of performance electricity revenue. There will be no provision made for revenue foregone towards electricity services by municipality. As per Table A2, the municipality projected losses under electricity services due to high number of illegal connections. The municipality is in the process to put the corrective measures to address the issues around illegal connection.

It should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

The annual budget for the Electricity purchases can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. water schemes without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R 19.8 million for 2015-2016 financial year.

#### **1.4.2 Sanitation and impact on tariff increases**

A tariff increase of 4.8 per cent for sanitation from 1 July 2015 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 4.8 per cent for sanitation tariffs. 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;
- The total revenue expected to be generated from rendering this service amounts to R1.5 million for the 2015-2016 financial year.

The following table compares the current and proposed tariffs:

**Table 5: Comparison between current sanitation charges and increases**

<b>Proposed Sanitation Tariffs for 2014-2015</b>			
<b>Area</b>	<b>Description</b>	<b>Current Tariffs 2014-2015</b>	<b>Proposed Tariffs 2015-2016</b>
All Area on sewer mains	per flat/Dwelling	R 1.50/kl	R 1.58/KL
	Conservancy tanks where service available	R 375.38	R 396.05
	Conservancy tanks weekends/PH	R 565.95	R 597.10
Discharges of sewer By	Per kl	R 23.10	R 24.40



tanker into sewer system			
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#### **1.4.5 Overall impact tariff increases on the household**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

**Table 6: Comparison between water charges and increases (domestic)**

DC27 Umkhanyakude - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
Rates and services charges:											
Property rates		-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		-	-	-	-	-	-	-	-	-	-
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total large household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
Rates and services charges:											
Property rates		-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		-	-	-	-	-	-	-	-	-	-
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-
<b>Monthly Account for Household - 'Indigent'</b>	3										
<b>Household receiving free basic services</b>											
Rates and services charges:											
Property rates		-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		-	-	-	-	-	-	-	-	-	-
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	6 200 000.00	6 200 000.00	6 200 000.00	1.6%	6 300 000.00	6 300 000.00	6 400 000.00
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
sub-total		-	-	-	6 200 000.00	6 200 000.00	6 200 000.00	1.6%	6 300 000.00	6 300 000.00	6 400 000.00
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total small household bill:		-	-	-	6 200 000.00	6 200 000.00	6 200 000.00	1.6%	6 300 000.00	6 300 000.00	6 400 000.00
% increase/-decrease			-	-	-	-	-		1.6%	-	1.6%

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to 1.6 per cent, with the increase for indigent households closer.

**Other revenue**

Other revenue constitutes revenue for R18,8 million from UMhlosinga Development Agency. UMhlosinga Development Agency is expecting revenue from departments namely National Treasury, IDC, Department of Education, Cogta and DC27. UMkhanyakude District made provision of R9.6 million for other revenue in the 2015/16 budget.

## 1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2015-2016 budget and MTREF is informed by the following:

- The asset replacement strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- 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 management strategy
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The following table is a high level summary of the 2015-2016 budget and MTREF (classified per main type of operating expenditure):

**Table 7: Summary of operating expenditure by standard classification item**

DC27 Umkhanyakude - Table A1 Consolidated Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18

Expenditure By Type											
Employee related costs	2	60,616	72,700	111,915	113,786	116,813	116,813	116,813	135,491	142,063	148,642
Remuneration of councillors		6,464	6,244	6,953	10,447	7,447	7,447	7,447	11,409	12,035	13,655
Debt impairment	3	38,232	34,954	36,477	36,366	18,366	18,366	18,366	38,511	39,218	39,218
Depreciation & asset impairment	2	47,910	21,109	28,293	23,118	23,118	23,118	23,118	24,607	26,709	28,293
Finance charges		1,244	1,126	1,030	150	300	300	300	317	332	352
Bulk purchases	2	55,920	76,268	77,570	56,600	60,600	60,600	60,600	63,238	66,273	70,183
Other materials	8	7,183	21,842	36,276	12,863	18,800	18,800	18,800	29,072	31,880	33,754
Contracted services		16,670	7,577	34,369	31,783	34,793	34,793	34,793	18,309	19,188	20,320
Transfers and grants		-	-	-	3,625	3,625	3,625	3,625	3,828	4,012	4,248
Other expenditure	4, 5	20,504	90,830	137,634	32,211	34,115	34,115	34,115	42,043	55,290	63,286
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>254,742</b>	<b>332,648</b>	<b>470,517</b>	<b>320,949</b>	<b>317,977</b>	<b>317,977</b>	<b>317,977</b>	<b>366,825</b>	<b>396,999</b>	<b>421,953</b>

**The budgeted allocation for employee related costs** for the 2015-2016 financial year totals R124 million, which equals 36 per cent of the total operating expenditure the parent municipality. Based on MFMA circular number 75 guidelines the parent municipality increased the employees related cost with 4.4 percent. The total consolidated of employees related costs is R135.4 million for the parent and the entity of the municipality which is equal to 32 percent of the consolidated operational expenditure budget. As part of the UMkhanyakude cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards.

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 UMkhanyakude District budget. The municipality calculated the council remuneration based on the Government Gazette No. 38608 dated 25 March 2015.

**The provision of debt impairment** was determined based on the actual collection on monthly basis for the municipality and on the billing of debtors. The R38.5 set of against the billing provision on our revenue from receivables. The 5 percent increase for outer years is based on the assumption of the increase of the receivables between comparative prior years. 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.

**Depreciation** is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R24.4 million for the 2015-2016 financial and equates to 5 per cent of the total operating expenditure. It is 10 per cent of the increase of the comparative prior years assets increase. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register. 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). The municipality was in a process of settling the long-term loan in 2014-2015 and is not intending to have a long-term borrowing in 2015-2016, but since it is not finalised an amount of R 317 000.00 thousand has been provided for interest charges.

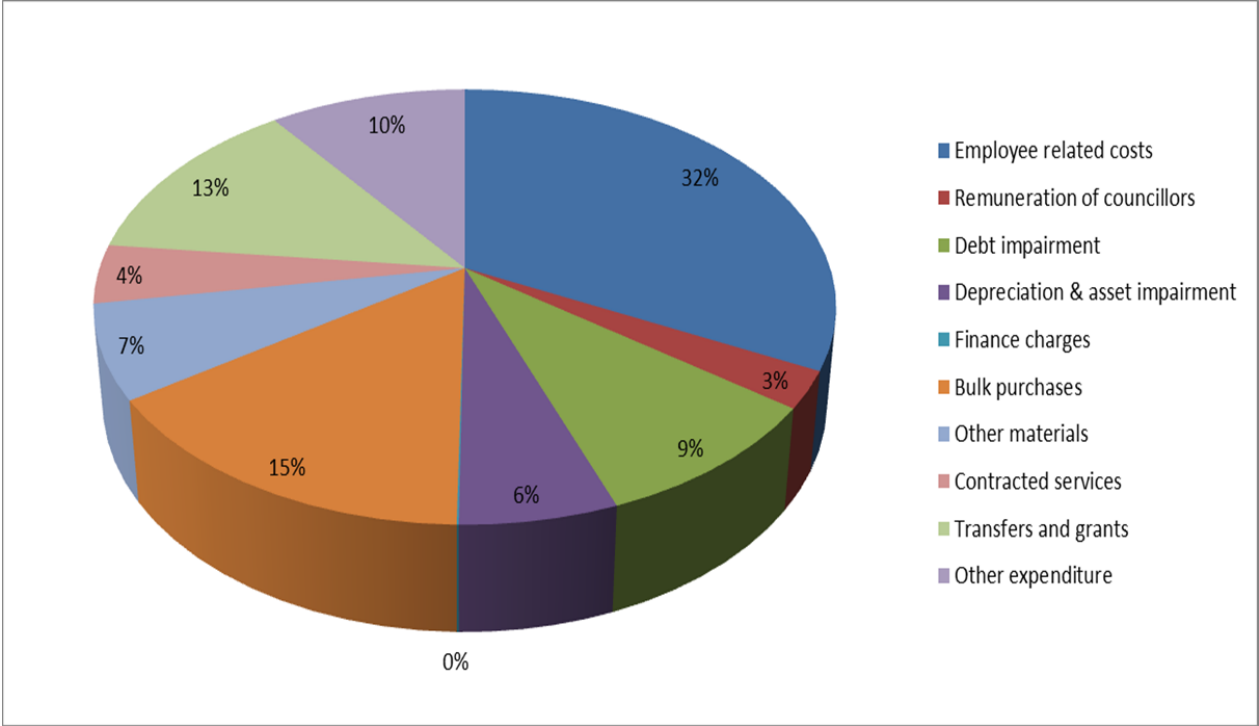
**Bulk purchases** are directly informed by the purchase of electricity from Eskom and water for water purification and reticulation. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

**Other materials** comprise of amongst others the purchase of fuel, diesel, materials for maintenance, repairs, cleaning materials and chemicals. In line with the municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the UMkhanyakude's infrastructure. For 2015-2016 the appropriation against this group of expenditure is R29.0 million which equates 7 per cent of the operating budget. In terms of circular no. 55 of MFMA the municipality is expected to make provision of 8 percent of the audited PPE, due to the current financial situation of the municipality we are unable to make the provision as required by the circular. This includes amongst other things our municipality is highly grants dependent.

**Contracted services** have been identified as a cost saving area for the municipality. As part of the compilation of the 2015-2016 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2015-2016 financial year, this group of expenditure totals R18.3 million which equates 5 per cent, clearly demonstrating the application of cost efficiencies.

**Other expenditure** comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 8 per cent for 2015-2016

**Figure 1: Main operational expenditure categories for the 2015-2016 financial year**



**1.6 Capital expenditure**

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

**Table 8: Capital budget per vote**





For 2015-2016 an amount of R252.2 million has been appropriated for the development of infrastructure which is the total capital budget. In the outer years this amount totals R258.2 million, and R275.6 million respectively for each of the financial years. Water receives the highest allocation

**1.7 Annual Budget tables**

**Table 9: Consolidated Annual Budget Summary**

DC27 Umkhanyakude - Table A1 Consolidated Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	45,793	41,940	43,573	44,804	44,854	44,854	44,854	48,063	47,896	51,116
Investment revenue	11,144	12,680	6,843	18,245	1,027	1,027	1,027	1,085	1,137	1,204
Transfers recognised - operational	201,496	214,251	281,011	238,736	239,736	239,736	239,736	284,387	309,950	341,389
Other own revenue	5,460	2,485	5,321	19,165	10,847	10,847	10,847	33,290	38,016	28,244
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>263,893</b>	<b>271,355</b>	<b>336,748</b>	<b>320,950</b>	<b>296,464</b>	<b>296,464</b>	<b>296,464</b>	<b>366,825</b>	<b>396,999</b>	<b>421,953</b>
Employee costs	60,616	72,700	111,915	113,786	116,813	116,813	116,813	135,491	142,063	148,642
Remuneration of councillors	6,464	6,244	6,953	10,447	7,447	7,447	7,447	11,409	12,035	13,655
Depreciation & asset impairment	47,910	21,109	28,293	23,118	23,118	23,118	23,118	24,607	26,709	28,293
Finance charges	1,244	1,126	1,030	150	300	300	300	317	332	352
Materials and bulk purchases	63,103	98,109	113,845	69,463	79,400	79,400	79,400	92,310	98,153	103,938
Transfers and grants	-	-	-	3,625	3,625	3,625	3,625	3,828	4,012	4,248
Other expenditure	75,405	133,361	208,480	100,360	87,274	87,274	87,274	98,863	113,696	122,824
<b>Total Expenditure</b>	<b>254,742</b>	<b>332,648</b>	<b>470,517</b>	<b>320,949</b>	<b>317,977</b>	<b>317,977</b>	<b>317,977</b>	<b>366,825</b>	<b>396,999</b>	<b>421,953</b>
<b>Surplus/(Deficit)</b>	<b>9,151</b>	<b>(61,293)</b>	<b>(133,769)</b>	<b>0</b>	<b>(21,513)</b>	<b>(21,513)</b>	<b>(21,513)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>
Transfers recognised - capital	229,335	240,875	234,339	199,285	158,285	158,285	158,285	207,653	215,335	228,618
Contributions recognised - capital & contributed	-	-	-	58,900	20,497	20,497	20,497	44,520	42,864	47,001
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>238,486</b>	<b>179,582</b>	<b>100,570</b>	<b>258,185</b>	<b>157,269</b>	<b>157,269</b>	<b>157,269</b>	<b>252,173</b>	<b>258,199</b>	<b>275,620</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>238,486</b>	<b>179,582</b>	<b>100,570</b>	<b>258,185</b>	<b>157,269</b>	<b>157,269</b>	<b>157,269</b>	<b>252,173</b>	<b>258,199</b>	<b>275,620</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	-	236,774	234,339	265,185	178,782	178,782	178,782	252,173	258,199	275,620
Transfers recognised - capital	-	236,774	234,339	258,185	178,782	178,782	178,782	252,173	258,199	275,620
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>-</b>	<b>236,774</b>	<b>234,339</b>	<b>258,185</b>	<b>178,782</b>	<b>178,782</b>	<b>178,782</b>	<b>252,173</b>	<b>258,199</b>	<b>275,620</b>
<b>Financial position</b>										
Total current assets	364,707	278,958	146,255	243,344	127,344	127,344	127,344	107,812	114,442	135,090
Total non current assets	1,070,706	1,242,751	1,476,368	1,348,014	1,348,014	1,348,014	1,348,014	1,433,484	1,537,189	1,639,733
Total current liabilities	161,703	160,587	160,134	124,896	124,897	124,897	124,897	102,084	122,735	152,576
Total non current liabilities	10,198	13,165	12,686	8,339	8,339	8,339	8,339	7,578	6,168	6,018
Community wealth/Equity	1,263,512	1,347,958	1,449,803	1,500,162	1,500,162	1,500,162	1,500,162	1,431,634	1,522,728	1,616,229
<b>Cash flows</b>										
Net cash from (used) operating	353,155	147,146	125,448	222,622	157,176	157,176	157,176	270,771	281,262	296,132
Net cash from (used) investing	(178,851)	(192,671)	(261,514)	(106,219)	(156,219)	(156,219)	(156,219)	(237,103)	(242,127)	(258,548)
Net cash from (used) financing	(3,941)	12,734	7,570	40	40	40	40	(1,258)	(1,517)	(1,517)
<b>Cash/cash equivalents at the year end</b>	<b>175,661</b>	<b>143,591</b>	<b>15,095</b>	<b>231,266</b>	<b>65,820</b>	<b>65,820</b>	<b>65,820</b>	<b>37,504</b>	<b>75,122</b>	<b>111,189</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	175,661	143,591	15,095	175,000	60,000	60,000	60,000	25,289	39,009	48,135
Application of cash and investments	(25,689)	64,880	106,087	89,414	104,861	104,861	104,861	19,036	45,814	65,253
<b>Balance - surplus (shortfall)</b>	<b>201,351</b>	<b>78,710</b>	<b>(90,992)</b>	<b>85,586</b>	<b>(44,861)</b>	<b>(44,861)</b>	<b>(44,861)</b>	<b>6,253</b>	<b>(6,805)</b>	<b>(17,118)</b>
<b>Asset management</b>										
Asset register summary (WDV)	37	30	327	1,347,984	1,347,984	1,347,984	1,347,984	1,347,984	1,537,984	1,639,691
Depreciation & asset impairment	47,910	21,109	28,293	23,118	23,118	23,118	24,607	24,607	26,709	28,293
Renewal of Existing Assets	-	-	-	119,871	119,951	119,951	119,951	78,538	81,476	85,329
Repairs and Maintenance	-	-	-	12,863	12,863	12,863	29,072	29,072	31,880	33,754
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	39	39	39	39	39	40	40
Revenue cost of free services provided	-	-	-	39	39	39	39	39	40	40
<b>Households below minimum service level</b>										
Water:	-	-	-	29	29	29	29	29	29	29
Sanitation/sewerage:	-	-	-	20	20	20	17	17	17	17

**Table 10: Consolidated budget financial performance (Revenue and expenditure by standard classification)**



**Table 11: Consolidated Budget Financial Performance (revenue and expenditure by municipal vote)**

DC27 Umkhanyakude - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-
Vote 2 - BOARD & GENERAL		189,358	175,608	227,471	226,251	226,251	226,251	265,376	292,876	320,377
Vote 3 - FINANCIAL SERVICES		18,203	16,417	13,418	38,995	5,827	5,827	9,030	9,378	9,974
Vote 4 - CORPORATE SERVICES		-	-	6,098	507	507	507	-	-	-
Vote 5 - COMMUNITY SERVICES		-	16,199	-	-	1,000	1,000	-	-	-
Vote 6 - THUSONG SERVICE CENTRE		-	-	-	92	-	-	97	102	108
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	9,072	13,867	-	-	-	41,204	43,321	34,721
Vote 8 - ELECTRICITY DEPARTMENT		3,387	6,200	39,669	4,852	4,852	4,852	6,619	6,937	7,346
Vote 9 - WATER SERVICES		239,785	236,454	233,332	38,117	45,891	45,891	32,471	31,842	36,126
Vote 10 - SANITATION DEPARTMENT		42,496	37,391	37,257	1,834	1,834	1,834	1,506	1,579	1,672
Vote 11 - TECHNICAL SERVICES		-	10,000	-	10,301	10,301	10,301	10,521	10,964	11,629
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>493,228</b>	<b>507,341</b>	<b>571,112</b>	<b>320,950</b>	<b>296,464</b>	<b>296,464</b>	<b>366,825</b>	<b>396,999</b>	<b>421,953</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - COUNCIL SUPPORT		6,464	6,244	6,953	16,177	13,477	13,477	17,872	15,534	12,114
Vote 2 - BOARD & GENERAL		81,120	139,324	121,915	14,997	16,157	16,157	11,260	11,795	12,694
Vote 3 - FINANCIAL SERVICES		49,154	42,082	42,524	50,201	31,767	31,767	55,002	56,946	66,356
Vote 4 - CORPORATE SERVICES		16,670	7,577	57,736	31,956	37,061	37,061	40,686	44,189	56,910
Vote 5 - COMMUNITY SERVICES		-	-	-	27,754	25,529	25,529	19,699	20,623	25,618
Vote 6 - THUSONG SERVICE CENTRE		-	-	-	1,095	1,039	1,039	1,356	1,419	1,485
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	-	-	14,586	13,295	13,295	31,945	22,321	23,864
Vote 8 - ELECTRICITY DEPARTMENT		21,700	19,428	52,604	17,899	21,828	21,828	22,472	23,549	24,925
Vote 9 - WATER SERVICES		54,635	86,562	160,477	139,652	151,425	151,425	156,768	190,403	187,293
Vote 10 - SANITATION DEPARTMENT		25,000	27,030	28,050	2,302	2,067	2,067	2,299	2,406	2,518
Vote 11 - TECHNICAL SERVICES		-	-	-	4,331	4,331	4,331	7,466	7,813	8,176
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>254,743</b>	<b>328,247</b>	<b>470,259</b>	<b>320,950</b>	<b>317,976</b>	<b>317,976</b>	<b>366,825</b>	<b>396,999</b>	<b>421,953</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>238,486</b>	<b>179,093</b>	<b>100,852</b>	<b>(0)</b>	<b>(21,512)</b>	<b>(21,512)</b>	<b>0</b>	<b>(0)</b>	<b>(1)</b>



**Table 12: Consolidated budgeted financial performance and revenue expenditure**

DC27 Umkhanyakude - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	3,387	4,398	5,669	4,852	4,852	4,852	4,852	6,360	6,664	7,057
Service charges - water revenue	2	39,785	36,454	36,647	38,117	38,117	38,117	38,117	40,144	39,598	42,328
Service charges - sanitation revenue	2	2,621	1,087	1,257	1,834	1,834	1,834	1,834	1,506	1,579	1,672
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	50	50	50	53	55	59
Rental of facilities and equipment		121	104	107	188	96	96	96	198	208	220
Interest earned - external investments		11,144	12,680	6,843	18,245	1,027	1,027	1,027	1,085	1,137	1,204
Interest earned - outstanding debtors		4,898	1,538	4,462	1,629	1,629	1,629	1,629	4,712	4,939	5,230
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		201,496	214,251	281,011	238,736	239,736	239,736	239,736	284,387	309,950	341,389
Other revenue	2	442	843	751	17,349	9,122	9,122	9,122	28,379	32,870	22,794
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>263,893</b>	<b>271,355</b>	<b>336,748</b>	<b>320,950</b>	<b>296,464</b>	<b>296,464</b>	<b>296,464</b>	<b>366,825</b>	<b>396,999</b>	<b>421,953</b>
<b>Expenditure By Type</b>											
Employee related costs	2	60,616	72,700	111,915	113,786	116,813	116,813	116,813	135,491	142,063	148,642
Remuneration of councillors		6,464	6,244	6,953	10,447	7,447	7,447	7,447	11,409	12,035	13,655
Debt impairment	3	38,232	34,954	36,477	36,366	18,366	18,366	18,366	38,511	39,218	39,218
Depreciation & asset impairment	2	47,910	21,109	28,293	23,118	23,118	23,118	23,118	24,607	26,709	28,293
Finance charges		1,244	1,126	1,030	150	300	300	300	317	332	352
Bulk purchases	2	55,920	76,268	77,570	56,600	60,600	60,600	60,600	63,238	66,273	70,183
Other materials	8	7,183	21,842	36,276	12,863	18,800	18,800	18,800	29,072	31,880	33,754
Contracted services		16,670	7,577	34,369	31,783	34,793	34,793	34,793	18,309	19,188	20,320
Transfers and grants		-	-	-	3,625	3,625	3,625	3,625	3,828	4,012	4,248
Other expenditure	4, 5	20,504	90,830	137,634	32,211	34,115	34,115	34,115	42,043	55,290	63,286
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>254,742</b>	<b>332,648</b>	<b>470,517</b>	<b>320,949</b>	<b>317,977</b>	<b>317,977</b>	<b>317,977</b>	<b>366,825</b>	<b>396,999</b>	<b>421,953</b>
<b>Surplus/(Deficit)</b>											
Surplus/(Deficit)		9,151	(61,293)	(133,769)	0	(21,513)	(21,513)	(21,513)	(0)	0	(0)
Transfers recognised - capital		229,335	240,875	234,339	199,285	158,285	158,285	158,285	207,653	215,335	228,618
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	58,900	20,497	20,497	20,497	44,520	42,864	47,001
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>238,486</b>	<b>179,582</b>	<b>100,570</b>	<b>258,185</b>	<b>157,269</b>	<b>157,269</b>	<b>157,269</b>	<b>252,173</b>	<b>258,199</b>	<b>275,620</b>
Taxation	7	53	53	51	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>238,479</b>	<b>179,529</b>	<b>100,519</b>	<b>258,185</b>	<b>157,269</b>	<b>157,269</b>	<b>157,269</b>	<b>252,173</b>	<b>258,199</b>	<b>275,620</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>238,479</b>	<b>179,529</b>	<b>100,519</b>	<b>258,185</b>	<b>157,269</b>	<b>157,269</b>	<b>157,269</b>	<b>252,173</b>	<b>258,199</b>	<b>275,620</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>238,479</b>	<b>179,529</b>	<b>100,519</b>	<b>258,185</b>	<b>157,269</b>	<b>157,269</b>	<b>157,269</b>	<b>252,173</b>	<b>258,199</b>	<b>275,620</b>

Table 13: Consolidated capital expenditure by vote standard classification and funding

DC27 Umkhanyakude - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure - Vote</b>											
<i>Multi-year expenditure to be appropriated</i>	2	-	-	-	-	-	-	-	-	-	-
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-	-
Vote 2 - BOARD & GENERAL		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - THUSONG SERVICE CENTRE		-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - WATER SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 10 - SANITATION DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 11 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<i>Single-year expenditure to be appropriated</i>	2	-	-	-	-	-	-	-	-	-	-
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-	-
Vote 2 - BOARD & GENERAL		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	7,000	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - THUSONG SERVICE CENTRE		-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	-	-	58,900	20,497	20,497	20,497	44,520	42,864	47,001
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - WATER SERVICES		-	206,594	234,339	159,719	119,719	119,719	119,719	172,912	115,679	158,315
Vote 10 - SANITATION DEPARTMENT		-	30,181	-	36,000	36,000	36,000	36,000	26,986	92,640	62,627
Vote 11 - TECHNICAL SERVICES		-	-	-	3,566	2,566	2,566	2,566	7,755	7,016	7,676
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		-	236,774	234,339	265,185	178,782	178,782	178,782	252,173	258,199	275,620
<b>Total Capital Expenditure - Vote</b>		-	236,774	234,339	265,185	178,782	178,782	178,782	252,173	258,199	275,620
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		-	-	-	7,000	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	7,000	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	62,466	23,063	23,063	23,063	52,275	49,880	54,677
Planning and development		-	-	-	62,466	23,063	23,063	23,063	52,275	49,880	54,677
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	236,774	234,339	195,719	155,719	155,719	155,719	199,898	208,319	220,942
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	206,594	234,339	159,719	119,719	119,719	119,719	172,912	115,679	158,315
Waste water management		-	30,181	-	36,000	36,000	36,000	36,000	26,986	92,640	62,627
Waste management		-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	-	236,774	234,339	265,185	178,782	178,782	178,782	252,173	258,199	275,620
<b>Funded by:</b>											
National Government		-	236,774	234,339	199,285	158,285	158,285	158,285	207,653	215,335	228,618
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	58,900	20,497	20,497	20,497	44,520	42,864	47,001
Transfers recognised - capital	4	-	236,774	234,339	258,185	178,782	178,782	178,782	252,173	258,199	275,620
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	7	-	236,774	234,339	258,185	178,782	178,782	178,782	252,173	258,199	275,620

**Table 14: Consolidated budgeted financial position**

DC27 Umkhanyakude - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		51,428	12,271	10,856	75,000	50,000	50,000	50,000	10,289	23,009	31,635
Call investment deposits	1	124,234	131,319	4,239	100,000	10,000	10,000	10,000	15,000	16,000	16,500
Consumer debtors	1	24,806	14,037	13,571	29,879	28,879	28,879	28,879	44,056	36,963	48,390
Other debtors		164,178	78,410	30,748	38,400	38,400	38,400	38,400	38,402	38,405	38,500
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	62	42,920	86,842	65	65	65	65	65	65	65
<b>Total current assets</b>		<b>364,707</b>	<b>278,958</b>	<b>146,255</b>	<b>243,344</b>	<b>127,344</b>	<b>127,344</b>	<b>127,344</b>	<b>107,812</b>	<b>114,442</b>	<b>135,090</b>
<b>Non current assets</b>											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	1,070,669	1,242,721	1,476,041	1,347,984	1,347,984	1,347,984	1,347,984	1,433,453	1,537,148	1,639,691
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		37	30	327	31	31	31	31	31	41	42
Other non-current assets		-	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>1,070,706</b>	<b>1,242,751</b>	<b>1,476,368</b>	<b>1,348,014</b>	<b>1,348,014</b>	<b>1,348,014</b>	<b>1,348,014</b>	<b>1,433,484</b>	<b>1,537,189</b>	<b>1,639,733</b>
<b>TOTAL ASSETS</b>		<b>1,435,413</b>	<b>1,521,709</b>	<b>1,622,623</b>	<b>1,591,358</b>	<b>1,475,358</b>	<b>1,475,358</b>	<b>1,475,358</b>	<b>1,541,296</b>	<b>1,651,631</b>	<b>1,774,823</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	11,521	2,829	11,698	1,560	1,560	1,560	1,560	1,301	1,560	1,560
Consumer deposits		3,222	2,499	1,862	40	40	40	40	40	41	41
Trade and other payables	4	145,236	155,048	146,465	119,271	119,271	119,271	119,271	96,717	116,850	146,417
Provisions		1,724	210	109	4,026	4,026	4,026	4,026	4,026	4,284	4,558
<b>Total current liabilities</b>		<b>161,703</b>	<b>160,587</b>	<b>160,134</b>	<b>124,896</b>	<b>124,897</b>	<b>124,897</b>	<b>124,897</b>	<b>102,084</b>	<b>122,735</b>	<b>152,576</b>
<b>Non current liabilities</b>											
Borrowing		10,198	9,905	8,606	8,339	8,339	8,339	8,339	7,578	6,168	6,018
Provisions		-	3,260	4,080	-	-	-	-	-	-	-
<b>Total non current liabilities</b>		<b>10,198</b>	<b>13,165</b>	<b>12,686</b>	<b>8,339</b>	<b>8,339</b>	<b>8,339</b>	<b>8,339</b>	<b>7,578</b>	<b>6,168</b>	<b>6,018</b>
<b>TOTAL LIABILITIES</b>		<b>171,901</b>	<b>173,751</b>	<b>172,820</b>	<b>133,235</b>	<b>133,236</b>	<b>133,236</b>	<b>133,236</b>	<b>109,662</b>	<b>128,903</b>	<b>158,594</b>
<b>NET ASSETS</b>	5	<b>1,263,512</b>	<b>1,347,958</b>	<b>1,449,803</b>	<b>1,458,122</b>	<b>1,342,122</b>	<b>1,342,122</b>	<b>1,342,122</b>	<b>1,431,634</b>	<b>1,522,728</b>	<b>1,616,229</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		1,263,512	1,347,958	1,449,803	1,500,162	1,500,162	1,500,162	1,500,162	1,431,634	1,522,728	1,616,229
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests		-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>1,263,512</b>	<b>1,347,958</b>	<b>1,449,803</b>	<b>1,500,162</b>	<b>1,500,162</b>	<b>1,500,162</b>	<b>1,500,162</b>	<b>1,431,634</b>	<b>1,522,728</b>	<b>1,616,229</b>

**Table 15: Consolidated budgeted cash flow**

DC27 Umkhanyakude - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Property rates, penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges		45,793	41,940	43,573	-	-	-	-	48,063	47,896	51,116
Other revenue		563	1,390	973	27,972	11,930	11,930	11,930	28,577	33,078	23,014
Government - operating	1	202,149	177,578	226,560	238,736	239,736	239,736	239,736	284,387	309,950	341,389
Government - capital	1	228,682	277,547	234,339	199,285	158,285	158,285	158,285	207,653	215,335	228,618
Interest		11,144	12,680	6,843	18,245	1,027	1,027	1,027	5,797	6,076	6,434
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(133,932)	(362,863)	(385,809)	(261,466)	(253,503)	(253,503)	(253,503)	(299,562)	(326,729)	(349,840)
Finance charges		(1,244)	(1,126)	(1,030)	(150)	(300)	(300)	(300)	(317)	(332)	(352)
Transfers and Grants	1	-	-	-	-	-	-	-	(3,828)	(4,012)	(4,248)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>353,155</b>	<b>147,146</b>	<b>125,448</b>	<b>222,622</b>	<b>157,176</b>	<b>157,176</b>	<b>157,176</b>	<b>270,771</b>	<b>281,262</b>	<b>296,132</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE		-	11	835	66	66	66	66	70	72	72
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		26,050	-	-	100,000	10,000	10,000	10,000	15,000	16,000	17,000
Payments											
Capital assets		(204,901)	(192,682)	(262,349)	(206,285)	(166,285)	(166,285)	(166,285)	(252,173)	(258,199)	(275,620)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(178,851)</b>	<b>(192,671)</b>	<b>(261,514)</b>	<b>(106,219)</b>	<b>(156,219)</b>	<b>(156,219)</b>	<b>(156,219)</b>	<b>(237,103)</b>	<b>(242,127)</b>	<b>(258,548)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		751	10,554	(816)	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(3,109)	393	491	40	40	40	40	42	43	43
Payments											
Repayment of borrowing		(1,583)	1,788	7,895	-	-	-	-	(1,300)	(1,560)	(1,560)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(3,941)</b>	<b>12,734</b>	<b>7,570</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>(1,258)</b>	<b>(1,517)</b>	<b>(1,517)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>170,363</b>	<b>(32,791)</b>	<b>(128,496)</b>	<b>116,443</b>	<b>997</b>	<b>997</b>	<b>997</b>	<b>32,410</b>	<b>37,618</b>	<b>36,067</b>
Cash/cash equivalents at the year begin:	2	5,298	176,381	143,591	114,823	64,823	64,823	64,823	5,095	37,504	75,122
Cash/cash equivalents at the year end:	2	175,661	143,591	15,095	231,266	65,820	65,820	65,820	37,504	75,122	111,189

**Table 16: Consolidated cash backed reserves/accumulated surplus reconciliation**

DC27 Umkhanyakude - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	175,661	143,591	15,095	231,266	65,820	65,820	65,820	37,504	75,122	111,189
Other current investments > 90 days	1	-	-	-	(56,266)	(5,820)	(5,820)	(5,820)	(12,215)	(36,113)	(63,054)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>175,661</b>	<b>143,591</b>	<b>15,095</b>	<b>175,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>25,289</b>	<b>39,009</b>	<b>48,135</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		98,100	78,729	23,603	62,891	22,891	22,891	22,891	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(123,789)	(13,848)	82,484	26,523	81,970	81,970	81,970	19,036	45,814	65,253
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(25,689)</b>	<b>64,880</b>	<b>106,087</b>	<b>89,414</b>	<b>104,861</b>	<b>104,861</b>	<b>104,861</b>	<b>19,036</b>	<b>45,814</b>	<b>65,253</b>
<b>Surplus(shortfall)</b>		<b>201,351</b>	<b>78,710</b>	<b>(90,992)</b>	<b>85,586</b>	<b>(44,861)</b>	<b>(44,861)</b>	<b>(44,861)</b>	<b>6,253</b>	<b>(6,805)</b>	<b>(17,118)</b>

**Table 17: Consolidated assets management**

DC27 Umkhanyakude - Table A9 Consolidated Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	-	-	-	127,997	127,997	127,997	86,406	131,822	137,220
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	95,831	95,831	95,831	69,165	70,580	94,989
Infrastructure - Sanitation		-	-	-	21,600	21,600	21,600	10,794	51,226	32,555
Infrastructure - Other		-	-	-	2,440	2,440	2,440	6,447	7,016	7,676
Infrastructure		-	-	-	119,871	119,871	119,871	86,406	128,822	135,220
Community		-	-	-	1,126	1,126	1,126	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	7,000	7,000	7,000	-	3,000	2,000
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	119,871	119,951	119,951	78,538	81,476	85,329
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	95,831	95,831	95,831	63,888	47,053	63,326
Infrastructure - Sanitation		-	-	-	21,600	21,600	21,600	14,400	34,150	21,703
Infrastructure - Other		-	-	-	2,440	2,520	2,520	250	273	300
Infrastructure		-	-	-	119,871	119,951	119,951	78,538	81,476	85,329
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	191,663	191,663	191,663	133,052	117,633	158,315
Infrastructure - Sanitation		-	-	-	43,200	43,200	43,200	25,194	85,376	54,258
Infrastructure - Other		-	-	-	4,880	4,960	4,960	6,697	7,289	7,976
Infrastructure		-	-	-	239,743	239,823	239,823	164,944	210,296	220,549
Community		-	-	-	1,126	1,126	1,126	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	7,000	7,000	7,000	-	3,000	2,000
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	-	-	-	247,869	247,949	247,949	164,944	213,298	222,549
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	12,194	12,194	12,194	12,194	12,194	12,194
Infrastructure - Water		-	-	-	648,652	648,652	648,652	648,652	648,652	648,652
Infrastructure - Sanitation		-	-	-	21,036	21,036	21,036	21,036	21,036	21,036
Infrastructure - Other		-	-	-	2,862	2,862	2,862	2,862	2,862	2,862
Infrastructure		-	-	-	684,744	684,744	684,744	684,744	684,744	684,744
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	663,209	663,209	663,209	663,209	853,199	954,905
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		37	30	327	31	31	31	31	41	42
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	37	30	327	1,347,984	1,347,984	1,347,984	1,347,984	1,537,984	1,639,691
<b>EXPENDITURE OTHER ITEMS</b>										
Depreciation & asset impairment	3	47,910	21,109	28,293	23,118	23,118	23,118	24,607	26,709	28,293
Repairs and Maintenance by Asset Class		-	-	-	12,863	12,863	12,863	29,072	31,880	33,754
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	1,500	1,500	1,500	1,584	1,660	1,758
Infrastructure - Water		-	-	-	10,200	10,200	10,200	27,488	28,808	30,508
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	11,700	11,700	11,700	29,072	30,468	32,266
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	1,163	1,163	1,163	-	1,412	1,489
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		47,910	21,109	28,293	35,981	35,981	35,981	53,680	58,589	62,048



**Table 18: Consolidated basic service delivery measurement**



DC27 Umkhanyakude - Table A10 Consolidated basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<i>Water:</i>										
Piped water inside dwelling		-	-	-	25	25	25	27	30	30
Piped water inside yard (but not in dwelling)		-	-	-	40	40	40	42	46	46
Using public tap (at least min.service level)	2	-	-	-	31	31	31	30	37	37
Other water supply (at least min.service level)	4	-	-	-	6	6	6	7	9	9
<i>Minimum Service Level and Above sub-total</i>		-	-	-	101,385	101,385	101,385	106,000	121,785	121,785
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	29	29	29	29	29	29
<i>Below Minimum Service Level sub-total</i>		-	-	-	28,909	28,909	28,909	28,950	28,950	28,950
<b>Total number of households</b>	5	-	-	-	130,294	130,294	130,294	134,950	150,735	150,735
<i>Sanitation/sewerage:</i>										
Flush toilet (connected to sewerage)		-	-	-	14	14	14	14	14	14
Flush toilet (with septic tank)		-	-	-	5	5	5	5	6	6
Chemical toilet		-	-	-	27	27	27	28	32	32
Pit toilet (ventilated)		-	-	-	36	36	36	37	40	40
Other toilet provisions (> min.service level)		-	-	-	29	29	29	30	33	33
<i>Minimum Service Level and Above sub-total</i>		-	-	-	110,686	110,686	110,686	113,686	124,044	124,044
Bucket toilet		-	-	-	1	1	1	0	0	0
Other toilet provisions (< min.service level)		-	-	-	7	7	7	6	7	7
No toilet provisions		-	-	-	12	12	12	11	10	10
<i>Below Minimum Service Level sub-total</i>		-	-	-	19,509	19,509	19,509	17,013	16,650	16,650
<b>Total number of households</b>	5	-	-	-	130,195	130,195	130,195	130,699	140,694	140,694
<i>Energy:</i>										
Electricity (at least min.service level)		-	-	-	50	50	50	50	60	60
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	50,207	50,207	50,207	50,207	60,207	60,207
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	80	80	80	80	80	80
<i>Below Minimum Service Level sub-total</i>		-	-	-	79,987	79,987	79,987	79,987	80,487	80,487
<b>Total number of households</b>	5	-	-	-	130,194	130,194	130,194	130,194	140,694	140,694
<i>Refuse:</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>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	130	130	130	132	141	141
Sanitation (free minimum level service)		-	-	-	130	130	130	132	141	141
Electricity/other energy (50kwh per household per month)		-	-	-	130	130	130	132	141	141
Refuse (removed at least once a week)		-	-	-	130	130	130	132	141	141
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		-	-	-	39	39	39	39	40	40
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week)		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided (minimum social package)</b>		-	-	-	39	39	39	39	40	40
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	39	39	39	39	40	40
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		-	-	-	-	-	-	-	-	-
Property rates (other exemptions, reductions and rebates)		-	-	-	-	-	-	-	-	-
Water		-	-	-	39	39	39	39	40	40
Sanitation		-	-	-	-	-	-	-	-	-
Electricity/other energy		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of free services provided (total social package)</b>		-	-	-	39	39	39	39	40	40

## **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 process followed to compile the budget complies with legislation and good budget practices. There is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;


The municipality's revenue and tariff setting strategies are to ensure that the cash resources needed to deliver services are available; and 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) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the budget time schedule on August 2014. Key dates applicable to the process were

**Table 19: Schedule of key deadline for budget**



SCHEDULE OF KEY DEADLINE FOR BUDGET		
Description	Submission date	Legislature
Submit adjustment budget 2015-2016 to Mayor, Provincial Treasury and National Treasury	25-Jan-16	MFMA Section 72
Table annual budget & supporting documents to council	29-Mar-16	MFMA Section 16 and 17
Public hearings on the budget	20-24 May 2016	MFMA Section 23
Approval of the annual budget	30-May-16	MFMA Section 24(1)
Approval of the SDBIP by the Mayor	28-Jun-16	MFMA Section 53(1)
Submit approved budget to Cogta, Provincial Treasury and National	13-Jun-16	MFMA Section 24

The budget together with the IDP is reviewed annually as per Section 21 of the Municipal Finance Management Act no 56 of 2003 and S34 of the Municipal Systems Act no.32 of 2000. The Municipality has resolved in eliminating unnecessary expenditure, paying off creditors and maximizing debt recovery. This annual review is as a result of the relevant regulations and priorities which are reviewed from year to year.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP/Budget Process Plan was also formulated and adopted on August 2014 together with the District IDP Framework. The IDP/Budget Process Plan outlines in detail, the way in which the municipality embarked on its IDP and Budget processes from its commencement in July 2014 to its completion in June 2015. The IDP/Budget Process Plan outlines the time frames of scheduled events, structures involved and their respective roles and responsibilities. All these plans were adopted in accordance with the relevant legal prescripts and have dictated the process to be followed for developing the IDP.

### **2.1.2 Key IDP Processes and Deliverables**

- Setting the scene to manage the planning process and legal requirements in planning for the implementation of the integrated planning system;
- A programme specifying time schedule that guide IDP and budget planning processes and various planning steps;

- Outlining appropriate mechanisms, processes and procedures on how the public, stakeholders, state organs can participate in the drafting of the IDP and formulation of the budget structures that will be used to ensure this participation;
- Indicate necessary organizational arrangements to ensure the successful implementation of the integrated development planning process;
- Binding plans and planning requirements, i.e. policy and legislation; and
- Programme specifying how the process will be monitored in order to manage the progress of the IDP and budget processes.

The IDP has been taken into a business and financial planning process leading up to the 2015-2016 MTREF, based on the approved 2014-2015 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections

### **2.1.3 Financial Modeling and Key Planning Drivers**

During the compilation of the 2015-2016 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 2015-2016 MTREF:

- Growth within the municipality
- Priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/2015 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 74 and 75 has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2015-2016 MTREF as tabled before Council on April 2015 for community consultation was published on the municipality's notice board, and hard copies were made available Local Municipality's offices, and advertised on the newspaper. All documents in the appropriate

format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees utilised to facilitate the community consultation process from 22 to 25 April 2015, and included public briefing sessions. The applicable dates and venues will publish in all the newspapers and on average attendance of 200 was recorded per meeting. This is based on the previous year's process. This can be attributed to the additional initiatives that will be launched during the consultation process, including the specific targeting of our service charges payer. Individual sessions are scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders that will be involved in the consultation are churches, non-governmental institutions and community-based organisations.

## **2.2 Overview of alignment of annual budget with Integrated Development Plan**

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 municipality, 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 municipality 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 municipality's response to these requirements.

The IDP document has also been informed and is aligned to the following strategic documents and National and Provincial strategic objectives:

- The National Spatial Development Framework (NSDP);
- Medium Term Strategic Framework;
- Provincial Growth and Development Strategy;
- Municipal Turnaround Strategy; and
- National Delivery Outcome Agreements

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

The following KPAs will inform the strategic direction of the Municipality 2015-2016:

- Good Governance and Community Participation
- Service Delivery and Infrastructure Investment
- Local Economic Development
- Municipal Transformation and Institutional Development
- Municipal Financial Viability and Management
- Spatial Planning and Environmental Management

### **2.2.1 Strategic objectives**

- Good Governance & Clean administration
- Accelerating the provision of basic infrastructure, particularly water, sanitation, electricity etc.
- Promotion of sustainable Environmental Health Services;
- Facilitating and Promotion of Economic Development through Agriculture and Tourism as key drivers;
- Promotion of Social and Community Development;
- Facilitating Skills Development;
- Implementation of Poverty eradication and Food Security programmes;
- Revenue enhancement;



- Facilitating and Coordinating effective Spatial planning, Land Use Management Systems & Geographical Information systems (GIS) services in the district;
- Promotion of effective Communication and Information Technology (IT); and
- Facilitating Effective Environmental Planning & Management Services in the district
- And many more priority areas as outlined in details in the IDP.

Only a member or committee of a municipal council may introduce a proposal for amending the municipality's integrated development plan in the council. Any proposal for amending a municipality's integrated development plan must be accompanied by a memorandum setting out the reasons for the proposal.

An amendment to a municipality's integrated development plan would be adopted by a decision taken by a municipal council in accordance with the rules and orders of the Council. No amendment to a municipality's integrated development plan may be adopted by the municipal council unless:

- All the members of the council have been given reasonable notice;
- The proposed amendment has been published for public comment for a period of at least 21 days in a manner that allows the public an opportunity to make representations with regard to the proposed amendment

Should the intention to amend the IDP emanate from the district, the municipality must:

- Consult all the five local municipalities in the area of the district municipality on the proposed amendment; and
- Take all comments submitted to it by the local municipalities in that area into account before it takes a final decision on the proposed amendment.

In case where a local municipality considers an amendment to its integrated development plan; such municipality must:

- Consult the UMkhanyakude District municipality on the proposed amendment; and
- Take all comments submitted to it by the district municipality into account before it takes a final decision on the proposed amendment.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;

- Initiating the planning processes that involve the communities in the analysis and planning. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015-2016 MTREF has therefore been directly informed by the IDP revision process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 20: MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

DC27 Umkhanyakude - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Basic Service Delivery	To provide basic service delivery												
	Technical Services				-		-	-		10,521	10,964	11,629	
	Water Services			39,785	36,454	36,647	38,117	38,117	38,117	205,383	147,521	194,441	
	Electricity			3,387	4,398	5,669	4,852	4,852	4,852	6,619	6,937	7,346	
	Sanitation			2,621	1,087	1,257	1,834	1,834	1,834	28,492	94,219	64,299	
				-	-	-	-	50	50	-	-	-	
Municipal Financial Viability	To provide stable financial management			11,144	12,680	6,843	18,245	1,027	1,027	9,030	9,378	9,974	
				121	104	107	188	96	96	-	-	-	
				4,898	1,538	4,462	1,629	1,629	1,629	-	-	-	
Good Governance	Maintain good governance			201,496	214,251	281,011	238,736	239,736	239,736	265,376	292,876	320,377	
Good Governance	Council Support			-	-	-	-	-	-	-	-	-	
Local Economic Development	Continuos improvement of local economy				-	-	-	-	-	-	-	-	
	Social Economic Development			442	1,056	2,078	17,349	9,122	9,122	48,959	49,800	41,828	
Safe and Secure Environment	Providing safe environment			-	-	-	-	-	-	-	-	-	
	Community Services			-	-	-	-	-	-	-	-	-	
	Thusong Service Centre			-	-	-	-	-	-	97	102	108	
Municipal Institutional Development	Corporate Services			-	-	-	-	-	-	-	538	570	
Allocations to other priorities				2	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)				1	263,894	271,568	338,074	320,950	296,463	296,463	574,478	612,335	650,572

**Table 21: MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

DC27 Umkhanyakude - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Basic Service Delivery	To provide basic service delivery			-	-	-	-	-	-	-	-	-	
	Technical Services			-	-	-	4,331	38,117	38,117	7,466	7,813	8,176	
	Water Services			28,466	61,082	160,477	139,652	4,852	4,852	156,768	175,403	181,511	
	Electricity			-	-	52,604	17,899	1,834	1,834	22,472	23,549	24,925	
	Sanitation			-	-	28,050	2,302	50	50	2,299	2,406	2,518	
Municipal Financial Viability	To provide stable financial management			-	-	-	-	1,027	1,027	-	-	-	
	Finance			1,100	22,082	42,524	50,201	96	96	55,002	56,946	66,356	
				-	-	-	-	1,629	1,629	-	-	-	
Good Governance	Maintain good governance			-	-	-	-	239,736	239,736	-	-	-	
	Board and General			102,720	167,745	121,915	14,997	-	-	11,260	11,795	12,694	
	Council Support			-	6,244	6,953	16,177	-	-	17,872	15,534	12,114	
Local Economic Development	Continuous improvement of local economy			-	-	-	-	9,122	9,122	-	-	-	
	Social Economic Development			-	-	-	14,586	-	-	31,945	37,321	29,646	
Safe and Secure Environment	Providing safe environment			-	-	-	-	-	-	-	-	-	
	Community Services			-	-	-	27,754	-	-	19,699	20,623	25,618	
	Thusong Service Centre			-	-	-	1,095	-	-	1,356	1,419	1,485	
Municipal Institutional Development	Corporate Services			2,832	104,111	57,736	31,956	-	-	40,686	44,189	56,910	
				-	-	-	-	-	-	-	-	-	
Allocations to other priorities													
Total Expenditure				1	135,117	361,264	470,259	320,950	296,463	296,463	366,825	396,999	421,953

**Table 22: MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

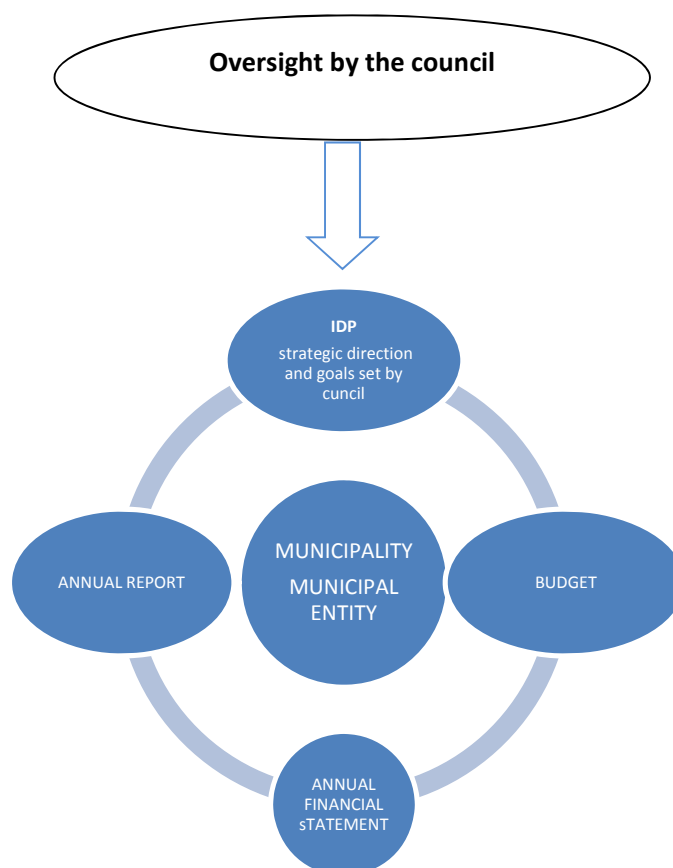
DC27 Umkhanyakude - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Basic Service Delivery	To provide basic service delivery	A		-	-	-	-	0	0	0	-	-
	Electricity & Technical	B		-	-	-	3,566	2,566	2,566	7,755	7,016	7,676
	Water Services	C		-	-	-	159,719	119,719	119,719	172,912	115,679	158,315
	Sanitation	D		-	-	-	36,000	36,000	36,000	26,986	92,640	62,627
Municipal Financial Viability	To provide stable financial management	E		-	-	-	-	-	-	-	-	-
	Finance	F		-	-	-	7,000	-	-	-	-	-
		G		-	-	-	-	-	-	-	-	-
Good Governance	Maintain good governance	H		-	-	-	-	-	-	-	-	-
	Board and General	I		-	-	-	-	-	-	-	-	-
Local Economic Development	Continuos improvement of local economy	J		-	-	-	-	-	-	-	-	-
	Social Economic Development	K		-	-	-	-	-	-	-	-	-
Safe and Secure Environment	Providing safe environment	L		-	-	-	58,900	20,497	20,497	44,520	42,864	47,001
	Community Services	M		-	-	-	-	-	-	-	-	-
Municipal Institutional Development	Corporate Services	N		-	-	-	-	-	-	-	-	-
		O		-	-	-	-	-	-	-	-	-
		P		-	-	-	-	-	-	-	-	-
Allocations to other priorities			3	-	-	-	-	-	-	-	-	-
Total Capital Expenditure			1	-	-	-	265,185	178,782	178,782	252,174	258,199	275,620

### 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 municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess 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 2: Planning, budgeting and reporting cycle**

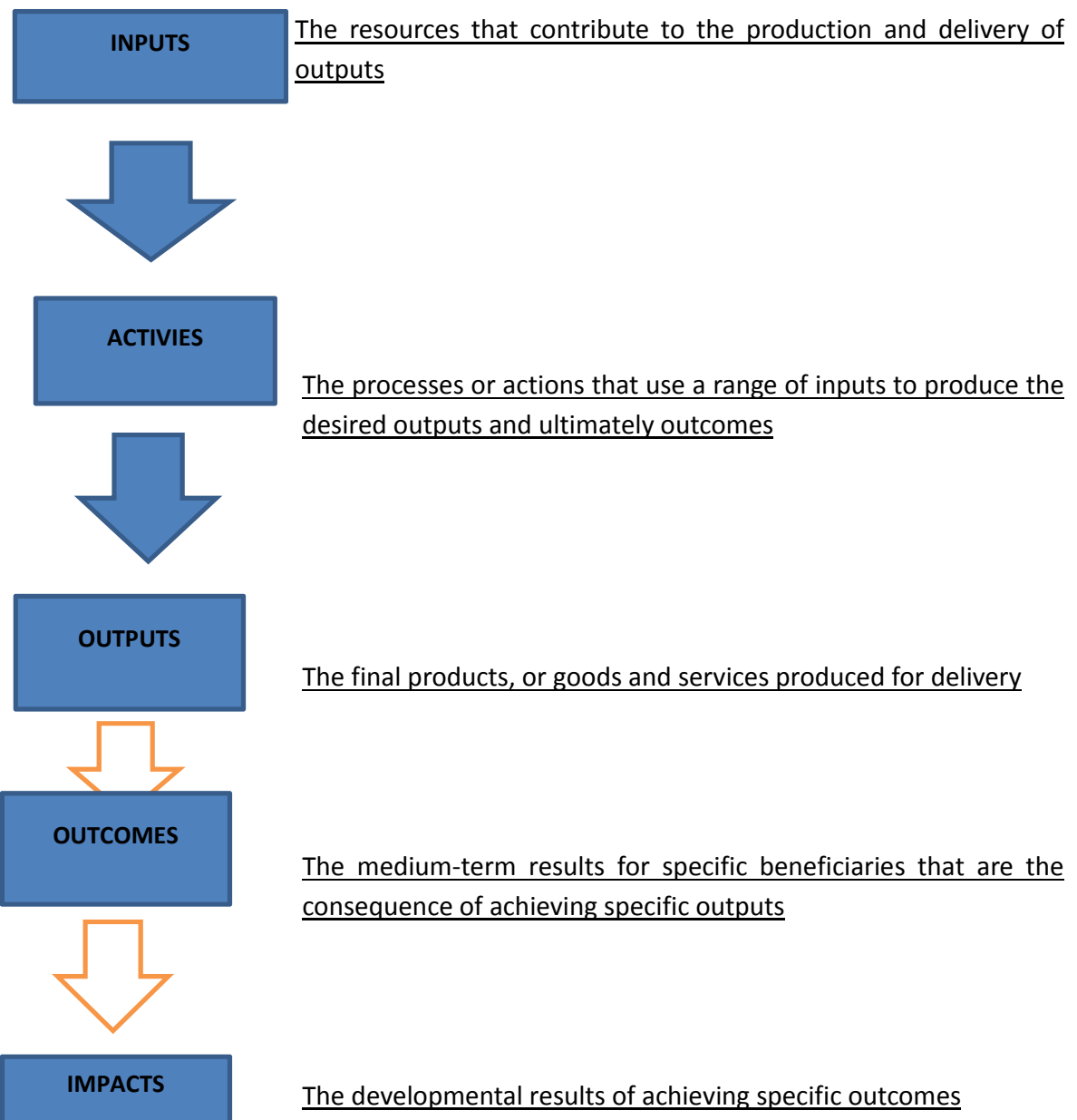
A performance management model can be defined as the grouping together of performance indicators, sometimes based on the type of indicator, into logical categories or groups (often called perspectives), as a means to enhance the ability of an organization to manage and analyse its performance. As such a model provides a common framework for what aspects of performance is going to be measured and managed. It further ensures that a balanced set of measures are employed that are not relying on only one facet of performance and therefore not presenting a holistic assessment of the performance of an organisation.

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

**Figure 3: Definition of performance information concepts**



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

**Table 23: MBRR Table SA7 - Measurable performance objectives**

DC27 Umkhanyakude - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Vote 1 - vote name</b>	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Function 1 - (name)</b>	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Sub-function 1 - (name)</b>	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Good governance and community participation</i>	NIL	0.0%	0.0%	0.0%	240000	240000	240000	265,376	292,876	320,377
	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Sub-function 2 - (name)</b>	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Service delivery and infrastructure</i>	NIL	0.0%	0.0%	0.0%	40528000	40528000	40528000	10,521	10,964	11,629
	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Sub-function 3 - (name)</b>	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Sustainable local economic development</i>	NIL	0.0%	0.0%	0.0%	40528000	40528000	40528000	41,204	42,783	34,151
	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Function 2 - (name)</b>	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Sub-function 1 - (name)</b>	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Transformation and institution development</i>	NIL	0.0%	0.0%	0.0%	196603000	196603000	196603000	32,471	31,842	36,126
	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Sub-function 2 - (name)</b>	NIL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Municipal financial viability and management</i>	NIL	0.0%	0.0%	0.0%	48558000	48558000	48558000	9,030	9,378	9,974

The following table sets out the municipality's main performance objectives and benchmarks for the 2015-2016 MTREF.



**Table 24: MBRR Table SA8 - Performance indicators and benchmarks**

DC27 Umkhanyakude - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Borrowing Management</b>											
Credit Rating		0	0	0	0	0	0	0			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.1%	-0.2%	-1.5%	0.0%	0.1%	0.1%	0.1%	0.4%	0.5%	0.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.5%	-1.2%	-12.3%	0.2%	0.5%	0.5%	0.5%	2.0%	2.2%	2.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	2.3	1.7	0.9	1.9	1.0	1.0	1.0	1.1	0.9	0.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.3	1.7	0.9	1.9	1.0	1.0	1.0	1.1	0.9	0.9
Liquidity Ratio	Monetary Assets/Current Liabilities	1.1	0.9	0.1	1.4	0.5	0.5	0.5	0.2	0.3	0.3
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		90.4%	97.5%	91.1%	43.7%	21.4%	21.4%	21.4%	94.2%	94.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		90.4%	97.5%	91.1%	43.7%	21.4%	21.4%	21.4%	94.2%	94.3%	93.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	71.6%	34.1%	13.2%	21.3%	22.7%	22.7%	22.7%	22.5%	19.0%	20.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors to Cash and Investments		26.8%	53.2%	813.9%	24.4%	146.4%	146.4%	146.4%	257.9%	155.5%	131.7%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	0	0	0	0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	0	0	0
Water Distribution Losses (2)	Total Volume Losses (kℓ)	0	0	0	0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	23.0%	26.8%	33.2%	35.5%	39.4%	39.4%	39.4%	36.9%	35.8%	35.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	25.4%	29.3%	35.3%	43.0%	41.9%	41.9%		37.7%	34.2%	34.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	4.0%	4.3%	4.3%		7.9%	8.0%	8.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	18.6%	8.2%	8.7%	7.2%	7.9%	7.9%	7.9%	6.8%	6.8%	6.8%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	5.7	(54.3)	3.1	80.0	80.0	80.0	8.0	10.8	10.9	10.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	411.6%	219.9%	101.5%	151.8%	149.7%	149.7%	149.7%	170.9%	156.7%	169.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	11.2	7.0	0.5	10.2	3.0	3.0	3.0	1.5	2.8	4.0

### **2.3.1 Performance indicators and benchmarks**

#### *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and the municipality is not planning to have a long term borrowing in 2015-2016. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, UMkhanyakude District's borrowing strategy is primarily informed by the affordability of debt repayments.

#### **Safety of Capital**

*The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. During the 2015-2016 financial year there is no ratio movement in the municipality

#### **Liquidity**

*Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than the liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

#### **Revenue Management**

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### **Creditors Management**

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure the compliance to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services. The municipality is working on the implementation of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water. Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement). Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

#### **Providing clean water and managing waste water**

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. 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.

The following is briefly the main challenges facing the municipality 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 an upgrade plan;
- The Water Division will embark on training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants.

## **2.4 Overview of budget related-policies**

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies were reviewed and approved in 2014-2015 by the council of UMkhanyakude District Municipality.

### **2.4.1 Asset Management Policy**

The objectives of this policy are to:

- Safeguard the assets of UMkhanyakude District Municipality and to ensure the effective and optimal use of its assets;
- Enhance a culture of accountability over assets;
- Ensure that effective internal controls are communicated to management and staff through clear and comprehensive written documentation; and
- To provide a formal set of financial procedures that can be implemented to ensure that UMkhanyakude District Municipality's fixed asset policies are achieved and are in compliance with generally recognised accounting practise (GRAP 17).
- 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 municipality's 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.
- Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management policy, is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **2.4.2 Supply Chain Management Policy**

The Supply Chain Management Policy is under the review process by the council. The UMkhanyakude Municipality resolved in terms of section 111 of the Municipal Finance

Management Act, No 56 of 2003, to have and implement a Supply Chain Management Policy that gives effect to section 217 of the Constitution; and Part 1 of Chapter 11 and other applicable provisions of the Act is fair, equitable, transparent, competitive and cost effective; complies with the Regulations; and any minimum norms and standards that may be prescribed in terms of section 168 of the Act, is consistent with other applicable legislation e.g. Broad Based Black Economic Empowerment (BBBEE), does not undermine the objective for uniformity in Supply Chain Management Systems between organs of state in all spheres; and is consistent with national economic policy concerning the promotion of investments and doing business with the public sector, assign responsibility for the implementation of the policy to the Accounting Officer of the Municipality.

#### **2.4.3 Expenditure management policy**

In terms of section 65 of the MFMA, the accounting officer of each municipality is required to take all reasonable steps to ensure that the expenditure including the payments and financial documents thereof are properly controlled and managed. It is therefore against this background that expenditure, payments and financial documents management policy is developed and approved by the council.

#### **2.4.4 Risk management framework and risk management policy**

Risk management is recognised as an integral part of responsible management and the Institution therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Institution's Risk Management Framework. It is expected that all departments / sections, operations and processes will be subject to the risk management framework. It is the intention that these departments / sections will work together in a consistent and integrated manner, with the overall objective of reducing risk, as far as reasonably practicable.

Effective risk management is imperative to the Institution to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the Institution.

#### **2.4.5 Indigent policy**

The provision of basic services to the community is in a sustainable manner, within the financial means of Council and to provide procedures and guidelines for the subsidisation of service charges and rates to its indigent households, using a portion or the whole of the Equitable Share for this purpose.

Council also recognises that many of the residents can simply not afford to pay the required service charges and rates, and Council will endeavour to ensure affordability through. Setting rates and tariffs which will balance the economic viability of continued service delivery and determine appropriate service levels.

The following policies were tabled and approved by council during draft budget period

- Budget preparation and Implementation policy
- Cash Management and Investment Policy
- Credit Control and Debts Collection policy; and
- Virements policy.

## **2.5 Overview of budget assumptions**

### **External factors**

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 municipality's finances.

General inflation outlook and its impact on the municipal activities

The following factors have been taken into consideration in the compilation of the 2015-2016 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity with 14.24 per cent and bulk water with 8 per cent;
- Depreciation calculation is based on the assumption addition of the 10 percent increase of assets for 2013-2014 comparative years.
- The increase in the cost of remuneration. Employee related costs comprise 32 percent of total consolidated operating expenditure in the 2015-2016 MTREF.
- Debt impairment calculated on with 5 percent increase on debtors for the 2015-2016 comparative years
- The overall collection rate for Umkhanyakude District Municipality is estimated to be 48.7 percent in the 2015/16 budget.

### **Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. However, for simplicity the 2015-2016 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

### **Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate of the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently very low since the community of UMkhanyakude have a high rate of unemployment and indigent, but an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **Salary increases**

The increase on salaries for 2015-2016 is 4.4 per cent and for indicative years is 5.9 per cent the circular 75 guideline has been used.

### **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.

#### **Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2015-2016 MTREF of which performance has been factored into the cash flow budget.

## **2.6 Overview of budget funding**

### **Table 25: Medium-term outlook: operating revenue**

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

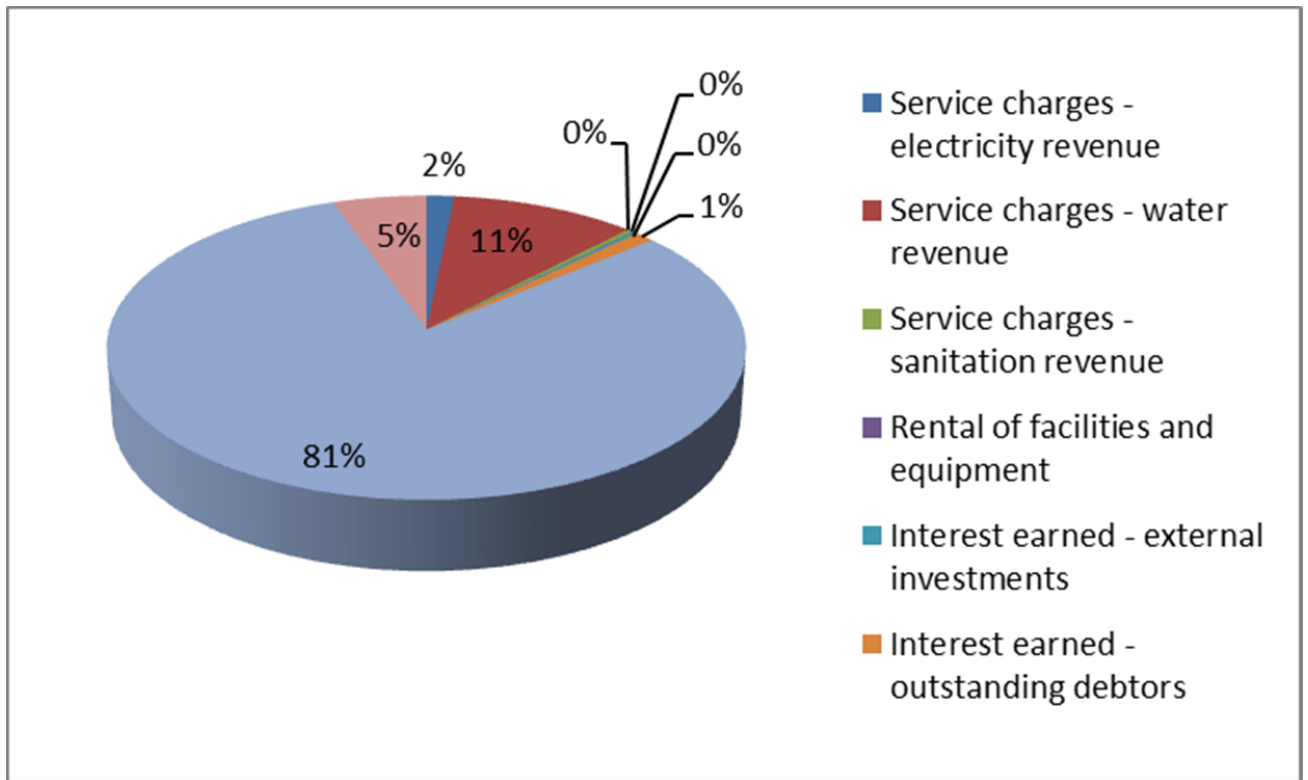
Revenue By Source	Draft Budget year 2015-2016	%	Budget year+1 2016-2017	%	Budget year+2 2017-2018	%
Service charges - electricity revenue	6 619 226	2%	6 936 948	2%	7 346 228	1%
Service charges - water revenue	44 156 321	11%	46 275 825	10%	49 006 098	10%
Service charges - sanitation revenue	1 506 407	0%	1 578 715	0%	1 671 859	0%
Rental of facilities and equipment	198 153	0%	207 665	0%	219 917	0%
Interest earned - external investments	1 085 143	0%	1 137 230	0%	1 204 327	0%
Interest earned - outstanding debtors	4 712 384	1%	4 938 574	1%	5 229 950	1%
Transfers recognised - operating	338 879 567	81%	366 210 591	82%	403 275 035	82%
Other revenue	22 265 973	5%	20 737 745	5%	22 771 849	5%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>419 423 174</b>	<b>100%</b>	<b>448 023 293</b>	<b>100%</b>	<b>490 725 263</b>	<b>100%</b>





The following graph is a breakdown of the operational revenue per main category for the 2015-2016 financial year.

**Figure 4: Breakdown of operating revenue over the 2015-2016 MTREF**



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity and sanitation. Operating and capital grants is from organs of state and other minor charges (such as new connection fees etc.)

The revenue strategy is a function of key components such as:

- Growth in the UMkhanyakude and economic development;
- Revenue management and enhancement;
- Improvement in collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers aligned to the economic forecasts.

The proposed tariff increases for the 2015-2016 MTREF on the different revenue categories are:

**Table 26: Proposed tariff increases over the medium-term**

<b>Revenue By Source</b>	<b>Draft Budget year 2015-2016</b>	<b>Budget year+1 2016-2017</b>	<b>Budget year+2 2017-2018</b>
Service charges - electricity revenue	6 619 226	6 936 948	7 346 228
Service charges - water revenue	44 156 321	46 275 825	49 006 098
Service charges - sanitation revenue	1 506 407	1 578 715	1 671 859
<b>Total service charges</b>	<b>52 281 954</b>	<b>54 791 488</b>	<b>58 024 185</b>

Services charges relating to electricity, water and sanitation constitutes the revenue totalling R44.1million for the 2015-2016 financial year and R46.2 million by 2016-2017, and increasing to R49.0 in 2017-2018. The 2015-2016 financial year services charges amount to 12 per cent of the total revenue.

Operational grants and subsidies consolidated amount to R 338.8 million (2015-2016), R366.2 million (2016-2017) and R403.2 million (2017-2018) for each of the respective financial years of the MTREF operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF for two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is 80 per cent of services charges.

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of R1 million, R1.1 million and R1.2 million for the respective three financial

years of the 2014-2015 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity

**Table 27: MBRR SA 15 Investment particular by type**

DC27 Umkhanyakude - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
<b>Parent municipality</b>										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		98,157	96,627	4,239	100,000	10,000	10,000	15,000	16,000	16,000
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	98,157	96,627	4,239	100,000	10,000	10,000	15,000	16,000	16,000
<b>Entities</b>										
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:		98,157	96,627	4,239	100,000	10,000	10,000	15,000	16,000	16,000

**Table 28: MBRR SA16 Investment particular maturity**

DC27 Umkhanyakude - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
<b>Parent municipality</b>														
ABSA Bank call account		short-term	Call account	Yes	Variable	6.86%	N/A	N/A	-	7,500	513	-	-	8,013
FNB call account		short-term	Call account	Yes	Variable	7.45	N/A	N/A	-	7,500	558	-	-	8,058
nil		-	-	-	-	-	-	-	-	-	-	-	-	-
nil		-	-	-	-	-	-	-	-	-	-	-	-	-
nil		-	-	-	-	-	-	-	-	-	-	-	-	-

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity

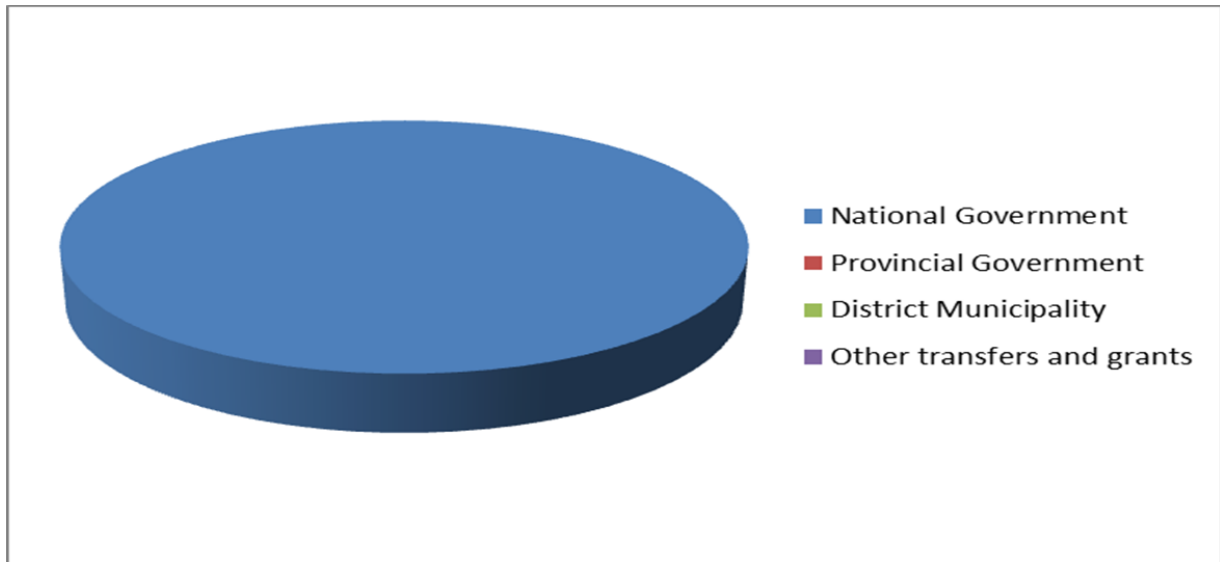
**Table 29: Medium-term outlook: capital revenue**

The following table is a breakdown of the funding composition of the 2015-2016 medium-term capital programmes:

<b>Funded by:</b>	<i>Draft Budget year 2015-2016</i>	<i>Draft Budget year+1 2016-2017</i>	<i>Draft Budget year+2 2017-2018</i>
National Government	207 653 050	215 334 850	228 618 450
Provincial Government			
District Municipality			
Other transfers and grants			
<b>Transfers recognised - capital</b>	<b>207 653 050</b>	<b>215 334 850</b>	<b>228 618 450</b>

The above table is graphically represented as follows for the 2015-2016 financial year.

**Figure 5: Medium-term outlook: capital revenue**



**Capital Expenditure**

The municipality is expected to spend the whole amounts allocated to capital projects in the 2015-16 budget. Due to challenges relating to an amount withheld from MIG in the 2014/15 financial year, the council took a resolution that amounts allocated to capital projects should be 100 percent on capital projects.

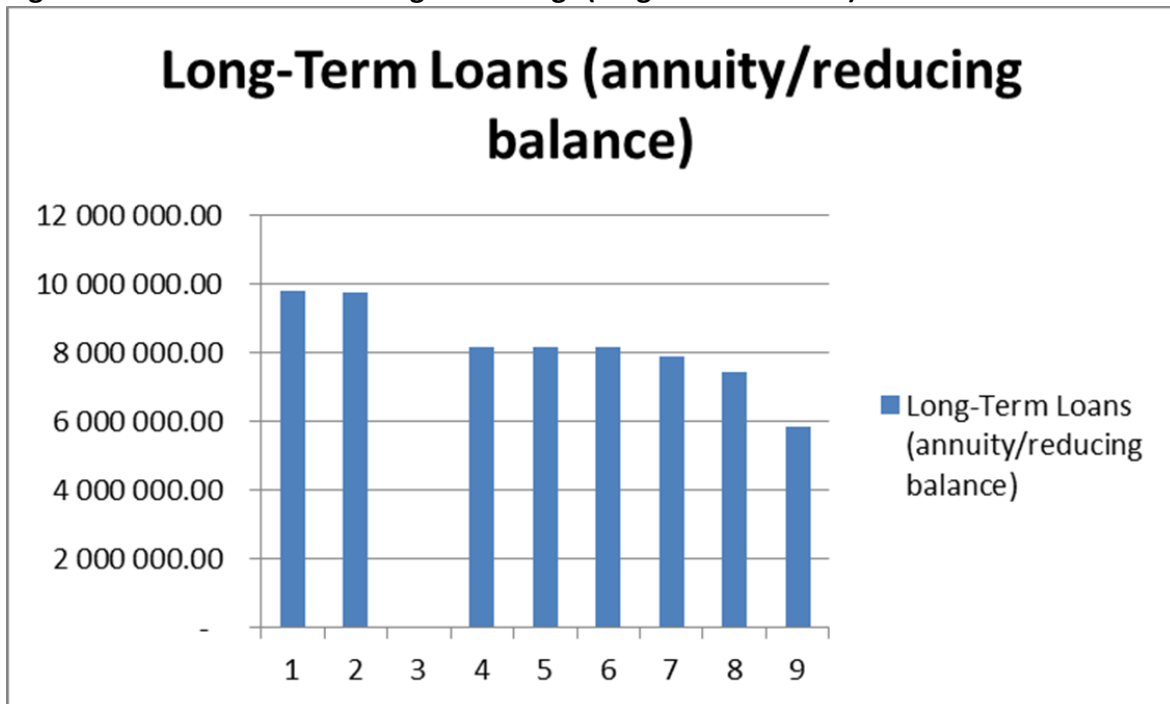
**Table 30: MBRR SA 17 - Detail of borrowings**

The municipality budgeted for 2015-2016 the outstanding loan with DBSA

DC27 Umkhanyakude - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		9,805	8,181	12,686	8,172	8,172	8,172	7,873	7,428	5,868
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	425	-	167	167	167	270	150	150
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
<b>Municipality sub-total</b>	1	9,805	8,606	12,686	8,339	8,339	8,339	8,143	7,578	6,018

**Figure 6: Growth in outstanding borrowings (long-term liabilities)**



**Table 31: MBRR SA 18 - Capital transfers and grant receipt**

DC27 Umkhanyakude - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		201,496	213,188	281,011	238,736	238,736	238,736	283,287	309,550	341,289
Local Government Equitable Share		188,916	174,928	193,756	226,251	226,251	226,251	265,376	292,876	320,377
Finance Management		560	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Municipal Systems Improvement		190	1,000	890	934	934	934	940	960	1,033
Water Services Operating Subsidy		-	-	-	-	-	-	5,200	3,500	7,000
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers and grants [Project Management]		11,830	36,010	85,115	10,301	10,301	10,301	10,521	10,964	11,629
Provincial Government:		-	1,063	-	-	1,000	1,000	1,100	400	-
Operational Support for TSC's		-	1,063	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Development Planning and Shared Services		-	-	-	-	1,000	1,000	1,100	400	-
District Municipality:		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	201,496	214,251	281,011	238,736	239,736	239,736	284,387	309,950	341,289
<b>Capital Transfers and Grants</b>										
National Government:		233,848	239,162	234,339	199,285	158,285	158,285	207,653	215,335	228,618
Municipal Infrastructure Grant (MIG)		233,848	236,304	233,214	195,719	155,719	155,719	199,898	208,319	220,942
Rural Transport Services and Infrastructure		-	1,776	-	2,440	2,440	2,440	2,447	2,516	2,676
Rural Households Infrastructure		-	-	-	-	-	-	4,000	4,500	5,000
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme( EPWP)		-	1,082	1,125	1,126	126	126	1,308	-	-
Provincial Government:		-	1,713	-	-	-	-	-	-	-
Infrastructure Sport Facilities, Massification, Cogta-Mseleni Groundnuts, Cogta-Ingwavuma Electrical Upgrade and Cogta-Disaster Management		-	1,713	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Internal funding: CAPEX		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	7,000	-	-	-	-	-
Internal funding: CAPEX		-	-	-	-	-	-	-	-	-
NIL		-	-	-	7,000	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	233,848	240,875	234,339	206,285	158,285	158,285	207,653	215,335	228,618
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		435,344	455,125	515,350	445,021	398,021	398,021	492,040	525,285	569,907

**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 understanding ability 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.

**Table 32: MBRR A7 - Budget cash flow statement**

DC27 Umkhanyakude - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges		45,793	41,940	43,573	-	-	-	-	48,063	47,896	51,116
Other revenue		563	1,390	973	27,972	11,930	11,930	11,930	28,577	33,078	23,014
Government - operating	1	202,149	177,578	226,560	238,736	239,736	239,736	239,736	284,387	309,950	341,389
Government - capital	1	228,682	277,547	234,339	199,285	158,285	158,285	158,285	207,653	215,335	228,618
Interest		11,144	12,680	6,843	18,245	1,027	1,027	1,027	5,797	6,076	6,434
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(133,932)	(362,863)	(385,809)	(261,466)	(253,503)	(253,503)	(253,503)	(299,562)	(326,729)	(349,840)
Finance charges		(1,244)	(1,126)	(1,030)	(150)	(300)	(300)	(300)	(317)	(332)	(352)
Transfers and Grants	1	-	-	-	-	-	-	-	(3,828)	(4,012)	(4,248)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>353,155</b>	<b>147,146</b>	<b>125,448</b>	<b>222,622</b>	<b>157,176</b>	<b>157,176</b>	<b>157,176</b>	<b>270,771</b>	<b>281,262</b>	<b>296,132</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	11	835	66	66	66	66	70	72	72
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		26,050	-	-	100,000	10,000	10,000	10,000	15,000	16,000	17,000
<b>Payments</b>											
Capital assets		(204,901)	(192,682)	(262,349)	(206,285)	(166,285)	(166,285)	(166,285)	(252,173)	(258,199)	(275,620)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(178,851)</b>	<b>(192,671)</b>	<b>(261,514)</b>	<b>(106,219)</b>	<b>(156,219)</b>	<b>(156,219)</b>	<b>(156,219)</b>	<b>(237,103)</b>	<b>(242,127)</b>	<b>(258,548)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		751	10,554	(816)	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(3,109)	393	491	40	40	40	40	42	43	43
<b>Payments</b>											
Repayment of borrowing		(1,583)	1,788	7,895	-	-	-	-	(1,300)	(1,560)	(1,560)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(3,941)</b>	<b>12,734</b>	<b>7,570</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>(1,258)</b>	<b>(1,517)</b>	<b>(1,517)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>170,363</b>	<b>(32,791)</b>	<b>(128,496)</b>	<b>116,443</b>	<b>997</b>	<b>997</b>	<b>997</b>	<b>32,410</b>	<b>37,618</b>	<b>36,067</b>
Cash/cash equivalents at the year begin:	2	5,298	176,381	143,591	114,823	64,823	64,823	64,823	5,095	37,504	75,122
Cash/cash equivalents at the year end:	2	175,661	143,591	15,095	231,266	65,820	65,820	65,820	37,504	75,122	111,189

The above table shows that cash and cash equivalents of the municipality were largely depleted between the 2013-14 and 2014-15 financial year moving positively to R118 million with the approved 2014-15 MTREF. With the 2014-15 it was also moving downwards to R997 000.00 during adjustments budget. In the 2015-2016 the various cost efficiencies and savings had to be realised to ensure the municipality could meet its operational expenditure commitments. In addition the municipality undertook an extensive debt collection process to boost cash levels but due to unemployment and indigent community of UMkhanyakude we did not succeed in increasing cash collection. These initiatives and interventions have translated into a positive



cash position for the municipality and it is projected that cash and cash equivalents on hand will decrease to R59.4 million by the financial year end.

### Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

**Table 33: MBRR A8 - Cash backed reserves/accumulated surplus reconciliation**

DC27 Umkhanyakude - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12			2012/13			2013/14			Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18					
<b>Cash and investments available</b>																
Cash/cash equivalents at the year end	1	175,661	143,591	15,095	231,266	65,820	65,820	65,820	37,504	75,122	111,189					
Other current investments > 90 days	1	-	-	-	(56,266)	(5,820)	(5,820)	(5,820)	(12,215)	(36,113)	(63,054)					
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-					
<b>Cash and investments available:</b>		<b>175,661</b>	<b>143,591</b>	<b>15,095</b>	<b>175,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>25,289</b>	<b>39,009</b>	<b>48,135</b>					
<b>Application of cash and investments</b>																
Unspent conditional transfers		98,100	78,729	23,603	62,891	22,891	22,891	22,891	-	-	-					
Unspent borrowing		-	-	-	-	-	-	-	-	-	-					
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-					
Other working capital requirements	3	(123,789)	(13,848)	82,484	26,523	81,970	81,970	81,970	19,036	45,814	65,253					
Other provisions		-	-	-	-	-	-	-	-	-	-					
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-					
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-					
<b>Total Application of cash and investments:</b>		<b>(25,689)</b>	<b>64,880</b>	<b>106,087</b>	<b>89,414</b>	<b>104,861</b>	<b>104,861</b>	<b>104,861</b>	<b>19,036</b>	<b>45,814</b>	<b>65,253</b>					
<b>Surplus(shortfall)</b>		<b>201,351</b>	<b>78,710</b>	<b>(90,992)</b>	<b>85,586</b>	<b>(44,861)</b>	<b>(44,861)</b>	<b>(44,861)</b>	<b>6,253</b>	<b>(6,805)</b>	<b>(17,118)</b>					

From the above table it can be seen that the cash and investments available total R66 830 million in the 2014/15 financial year and progressively increase to R74.5 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

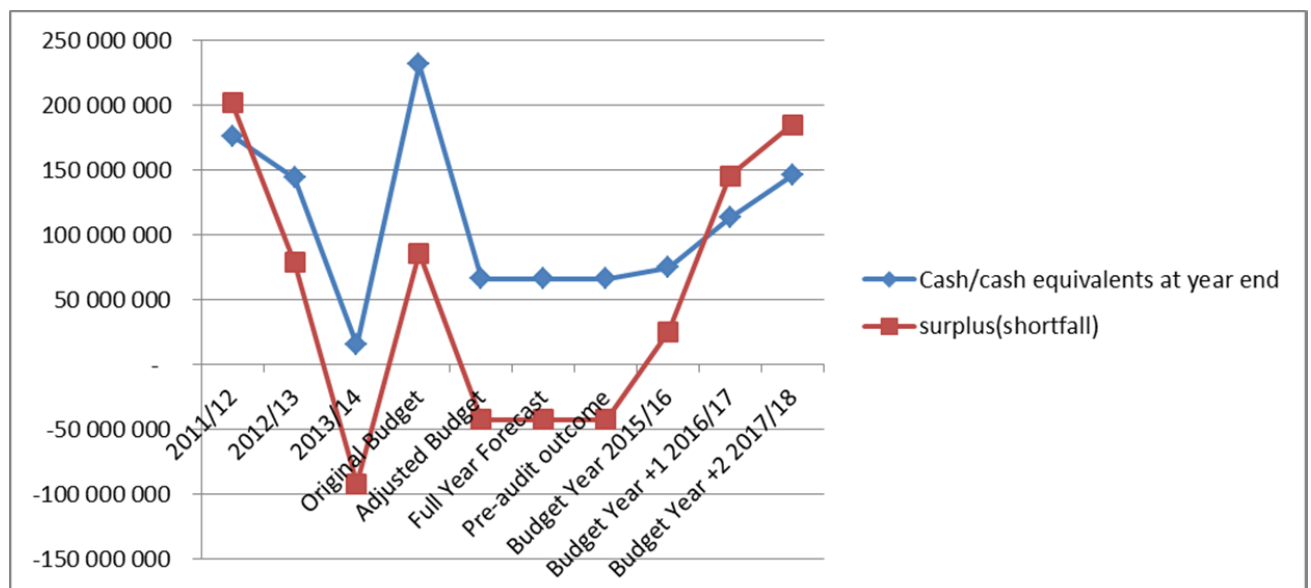
The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital.

Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.

Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

**Figure 7: Cash and cash equivalents/cash backed reserves and accumulated funds**



## Cash and cash equivalents / Cash backed reserves and accumulated funds

### Funding compliance measurement

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

**Table 34: MBRR SA10 – Funding compliance measurement**

DC27 Umhanyakude Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	175,661	143,591	15,095	231,266	65,820	65,820	65,820	37,504	75,122	111,189
Cash + investments at the yr end less applications - R'000	18(1)b	2	201,351	78,710	(90,992)	85,586	(44,861)	(44,861)	(44,861)	6,253	(6,805)	(17,118)
Cash year end/monthly employee/supplier payments	18(1)b	3	11.2	7.0	0.5	10.2	3.0	3.0	3.0	1.5	2.8	4.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	238,486	179,582	100,570	258,185	157,269	157,269	157,269	252,173	258,199	275,620
Service charge rev % change - macro CPIK target ex clusive	18(1)a,(2)	5	N.A.	(14.4%)	(2.1%)	(3.2%)	(5.9%)	(6.0%)	(6.0%)	1.2%	(6.3%)	0.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	90.4%	97.5%	91.1%	43.7%	21.4%	21.4%	21.4%	94.2%	94.3%	93.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	83.5%	83.3%	83.7%	81.2%	40.9%	40.9%	40.9%	80.1%	81.9%	76.7%
Capital payments % of capital expenditure	18(1)c,19	8	0.0%	81.4%	112.0%	77.8%	93.0%	93.0%	93.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(51.1%)	(52.1%)	54.1%	(1.5%)	0.0%	0.0%	22.6%	(8.6%)	15.3%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	2.2%	2.0%	2.1%	2.1%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	45.2%	67.1%	67.1%	0.0%	31.1%	31.6%	31.0%

### Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

### Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash

and investments available with any planned or required applications to be made. This has been extensively discussed above.

### **Monthly average payments covered by cash or cash equivalents**

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

### **Surplus/deficit excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

### **Service charge revenue as a percentage increase less macro inflation target**

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc. The outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

### **Cash receipts as a percentage of ratepayer and other revenue**

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

### **Capital payments of capital expenditure**

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a no per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Borrowing as a percentage of capital expenditure (excluding transfers and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

### **Transfers/grants revenue of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DORA) have been budgeted for. The municipality has budgeted for all transfers.

### **Repairs and maintenance expenditure level**

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

### **Asset renewal/rehabilitation expenditure level**

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project.

## **2.6 Expenditure on grants and reconciliations of unspent funds**

### **Table 35: MBRR SA19 - Expenditure on transfers and grant programmes**

DC27 Umkhanyakude - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>EXPENDITURE:</b>										
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		201,496	177,178	281,011	238,736	238,736	238,736	283,287	309,550	341,289
Local Government Equitable Share		188,916	174,928	193,756	226,251	226,251	226,251	265,376	292,876	320,377
Finance Management		560	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Municipal Systems Improvement		190	1,000	890	934	934	934	940	960	1,033
Water Services Operating Subsidy		-	-	-	-	-	-	5,200	3,500	7,000
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers and grants [Project Management]		11,830	-	85,115	10,301	10,301	10,301	10,521	10,964	11,629
Provincial Government:		-	1,063	-	-	1,000	1,000	1,100	400	-
Operational Support for TSC's		-	1,063	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Development Planning and Shared Services		-	-	-	-	1,000	1,000	1,100	400	-
District Municipality:		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants</b>		<b>201,496</b>	<b>178,241</b>	<b>281,011</b>	<b>238,736</b>	<b>239,736</b>	<b>239,736</b>	<b>284,387</b>	<b>309,950</b>	<b>341,289</b>
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		233,848	229,631	234,339	199,285	158,285	158,285	207,653	215,335	228,618
Municipal Infrastructure Grant (MIG)		233,848	226,773	233,214	195,719	155,719	155,719	199,898	208,319	220,942
Rural Transport Services and Infrastructure		-	1,776	-	2,440	2,440	2,440	2,447	2,516	2,676
Rural Households Infrastructure		-	-	-	-	-	-	4,000	4,500	5,000
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme (EPWP)		-	1,082	1,125	1,126	126	126	1,308	-	-
Provincial Government:		-	25,068	-	-	-	-	-	-	-
Infrastructure Sport Facilities, Massification, Cogta-Mseleni Groundnuts, Cogta-Ingwavuma Electrical Upgrade and Cogta-Disaster Management		-	25,068	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
NIL		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>233,848</b>	<b>254,699</b>	<b>234,339</b>	<b>199,285</b>	<b>158,285</b>	<b>158,285</b>	<b>207,653</b>	<b>215,335</b>	<b>228,618</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>435,344</b>	<b>432,940</b>	<b>515,350</b>	<b>438,021</b>	<b>398,021</b>	<b>398,021</b>	<b>492,040</b>	<b>525,285</b>	<b>569,907</b>

**Table 36: MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

DC27 Umkhanyakude - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		201,496	177,178	281,011	238,736	238,736	238,736	283,287	366,211	403,275
Conditions met - transferred to revenue		201,496	177,178	281,011	238,736	238,736	238,736	283,287	366,211	403,275
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	1,063	-	-	1,000	1,000	1,100	-	-
Conditions met - transferred to revenue		-	1,063	-	-	1,000	1,000	1,100	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>		<b>201,496</b>	<b>178,241</b>	<b>281,011</b>	<b>238,736</b>	<b>239,736</b>	<b>239,736</b>	<b>284,387</b>	<b>366,211</b>	<b>403,275</b>
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		233,848	229,631	234,339	199,285	158,285	158,285	207,653	215,335	228,618
Conditions met - transferred to revenue		233,848	229,631	234,339	199,285	158,285	158,285	207,653	215,335	228,618
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		-	25,068	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	25,068	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>		<b>233,848</b>	<b>254,699</b>	<b>234,339</b>	<b>199,285</b>	<b>158,285</b>	<b>158,285</b>	<b>207,653</b>	<b>215,335</b>	<b>228,618</b>
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>435,344</b>	<b>432,940</b>	<b>515,350</b>	<b>438,021</b>	<b>398,021</b>	<b>398,021</b>	<b>492,040</b>	<b>581,545</b>	<b>631,893</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	-

## 2.7 Councillor and employee benefits

**Table37: MBRR SA22 - Summary of councillor and staff benefits**

DC27 Umkhanyakude - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		6,439	4,685	4,836	7,766	4,766	4,766	8,857	9,155	10,617
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	542	542	542	308	572	604
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		25	1,559	2,117	2,188	2,188	2,188	2,245	2,308	2,435
<b>Sub Total - Councillors</b>		<b>6,464</b>	<b>6,244</b>	<b>6,953</b>	<b>10,497</b>	<b>7,496</b>	<b>7,496</b>	<b>11,409</b>	<b>12,035</b>	<b>13,655</b>
% increase	4		(3.4%)	11.4%	51.0%	(28.6%)	-	52.2%	5.5%	13.5%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		3,220	2,757	3,739	5,823	5,823	5,823	6,873	6,222	6,648
Pension and UIF Contributions		537	167	90	54	54	54	10	58	62
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		182	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	1,920	907	1,679	451	451	451	-	482	515
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	94	94	94	-	101	108
Other benefits and allowances	3	346	662	928	654	654	654	62	698	746
Payments in lieu of leave		-	-	-	279	279	279	-	299	319
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>6,205</b>	<b>4,493</b>	<b>6,435</b>	<b>7,355</b>	<b>7,355</b>	<b>7,355</b>	<b>6,945</b>	<b>7,860</b>	<b>8,398</b>
% increase	4		(27.6%)	43.2%	14.3%	0.0%	0.0%	(5.6%)	13.2%	6.8%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		30,990	47,606	78,812	71,545	71,545	71,545	82,743	76,100	80,010
Pension and UIF Contributions		7,034	10,160	14,386	12,589	12,589	12,589	13,964	13,395	14,252
Medical Aid Contributions		-	-	-	3,346	3,346	3,346	3,677	3,560	4,723
Overtime		2,018	2,671	3,084	410	410	410	714	436	464
Performance Bonus		-	-	-	6,504	6,504	6,504	7,361	6,918	7,359
Motor Vehicle Allowance	3	4,796	5,427	5,056	3,241	3,241	3,241	3,937	3,447	3,665
Cellphone Allowance	3	-	-	-	628	628	628	473	668	851
Housing Allowances	3	6,347	641	1,160	125	125	125	144	133	141
Other benefits and allowances	3	3,226	1,060	1,798	4,296	2,482	2,482	4,069	4,568	4,857
Payments in lieu of leave		-	-	-	3,746	3,746	3,746	-	3,985	4,239
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>54,411</b>	<b>67,565</b>	<b>104,296</b>	<b>106,431</b>	<b>104,617</b>	<b>104,617</b>	<b>117,082</b>	<b>113,210</b>	<b>120,561</b>
% increase	4		24.2%	54.4%	2.0%	(1.7%)	(0.0%)	11.9%	(3.3%)	6.5%
<b>Total Parent Municipality</b>		<b>67,080</b>	<b>78,302</b>	<b>117,684</b>	<b>124,283</b>	<b>119,469</b>	<b>119,469</b>	<b>135,437</b>	<b>133,105</b>	<b>142,614</b>



**Table 38: MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

DC27 Umkhanyakude - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4	1	563,040	-	161,628			724,668
Chief Whip		1	-	-	-			-
Executive Mayor		1	703,801	-	196,818			900,619
Deputy Executive Mayor		1	527,851	-	152,831			680,682
Executive Committee		6	1,055,702	-	548,719			1,604,421
Total for all other councillors		19	4,916,044	-	1,641,234			6,557,278
<b>Total Councillors</b>	8	29	7,766,438	-	2,701,230			10,467,668
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)		1	1,088,089	73,228	100,000	-		1,261,317
Chief Finance Officer		1	509,990	26,408	645,482	-		1,181,880
Senior Manager - Corporate Services		1	1,056,199	71,898	100,000	-		1,228,097
Senior Manager - Community Services		1	1,056,199	71,898	100,000	-		1,228,097
Senior Manager - Planning and Economic Development		1	1,056,199	71,898	100,001	-		1,228,098
Senior Manager - Technical Services		1	1,056,199	71,898	100,002	-		1,228,099
<i>List of each official with packages &gt;= senior manager</i>								
Director Legal Services		1	659,771	44,433	370,532	-		1,074,736
Deputy CFO		1	513,763	35,013	352,753	-		901,529
Director office of the MM		1	513,763	34,617	333,063	-		881,443
Director PMU		1	513,763	35,013	351,612	-		900,388
PMS/IDP Manager		1	513,763	35,013	325,329	-		874,105
Programme Manager NDT		1	513,763	35,013	342,129	-		890,905
Chief Town and Regional Planner		1	495,571	33,775	240,021	-		769,367
Director WSA		1	513,763	35,013	452,753	-		1,001,529
Deputy Director Environmental Health		1	691,219	47,079	194,089	-		932,387
NIL		-	-	-	-	-		-
NIL		-	-	-	-	-		-
NIL		-	-	-	-	-		-
NIL		-	-	-	-	-		-
<b>Total Senior Managers of the Municipality</b>	8,10	14	10,752,014	722,197	4,107,766	-		15,581,977
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								
cfo		1	1,082,570	-	-	-		1,082,570
CEO			1,541,056	-	-	-		1,541,056
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
nil			-	-	-	-		-
<b>Total for municipal entities</b>	8,10	1	2,623,626	-	-	-		2,623,626
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	44	21,142,078	722,197	6,808,996	-		28,673,271

**Table 39: MBRR SA24 – Summary of personnel numbers**

DC27 Umkhanyakude - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		29	5	24	29	5	24	29	5	24
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
Municipal employees	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	3	-	3	6	-	6	6	5	1
Other Managers	7	21	20	-	23	23	-	-	-	-
Professionals		261	204	57	266	209	58	385	346	27
Finance		41	37	4	46	42	5	69	62	5
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		-	-	-	-	-	-	3	3	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	5	5	-
Water		160	110	50	160	110	50	220	205	15
Sanitation		-	-	-	-	-	-	5	5	-
Refuse		-	-	-	-	-	-	-	-	-
Other		60	57	3	60	57	3	83	66	7
Technicians		-	-	-	-	-	-	-	-	-
Finance		-	-	-	-	-	-	-	-	-
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Clerks (Clerical and administrative)		-	-	-	-	-	-	-	-	-
Service and sales workers		-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		-	-	-	-	-	-	-	-	-
Plant and Machine Operators		-	-	-	-	-	-	-	-	-
Elementary Occupations		-	-	-	-	-	-	-	-	-
<b>TOTAL PERSONNEL NUMBERS</b>	9	314	229	84	324	237	88	420	356	52

## 2.9 Monthly targets for revenue, expenditure and cash flow

**Table 40: MBRR SA25 - Budgeted monthly revenue and expenditure**

DC27 Umkhanyakude - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>																
Property rates																
Property rates - penalties & collection charges																
Service charges - electricity revenue	530	552	552	552	552	552	552	552	552	552	552	552	314	6,360	6,664	7,057
Service charges - water revenue	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	(333)	40,144	39,598	42,328
Service charges - sanitation revenue	126	126	126	126	126	126	126	126	126	126	126	126	126	1,506	1,579	1,672
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	4	4	4	4	4	4	4	4	4	4	4	4	3	53	55	59
Rental of facilities and equipment	17	17	17	17	17	17	17	17	17	17	17	17	17	198	208	220
Interest earned - external investments	90	90	90	90	90	90	90	90	90	90	90	90	90	1,085	1,137	1,204
Interest earned - outstanding debtors	393	393	393	393	393	393	393	393	393	393	393	393	393	4,712	4,939	5,230
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	94,796	-	-	-	94,796	-	-	-	94,796	-	-	-	(0)	284,387	309,950	341,389
Other revenue	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	28,379	32,870	22,794
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>102,000</b>	<b>7,226</b>	<b>7,226</b>	<b>7,226</b>	<b>102,022</b>	<b>7,226</b>	<b>7,226</b>	<b>7,226</b>	<b>102,022</b>	<b>7,226</b>	<b>7,226</b>	<b>2,975</b>	<b>366,825</b>	<b>396,999</b>	<b>421,953</b>	
<b>Expenditure By Type</b>																
Employee related costs	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	11,291	135,491	142,063	148,642
Remuneration of councillors	951	951	951	951	951	951	951	951	951	951	951	951	951	11,409	12,035	13,655
Debt impairment	3,209	3,209	3,209	3,209	3,209	3,209	3,209	3,209	3,209	3,209	3,209	3,209	3,208	38,511	39,218	39,218
Depreciation & asset impairment	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	24,607	26,709	28,293
Finance charges	264	264	264	264	264	264	264	264	264	264	264	264	(2,592)	317	332	352
Bulk purchases	5,270	5,270	5,270	5,270	5,270	5,270	5,270	5,270	5,270	5,270	5,270	5,270	5,270	63,238	66,273	70,183
Other materials	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	29,072	31,880	33,754
Contracted services	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	18,309	19,188	20,320
Transfers and grants	319	319	319	319	319	319	319	319	319	319	319	319	319	3,828	4,012	4,248
Other expenditure	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,503	42,043	55,290	63,286
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>30,807</b>	<b>30,807</b>	<b>30,807</b>	<b>30,807</b>	<b>30,807</b>	<b>30,807</b>	<b>30,807</b>	<b>30,807</b>	<b>30,807</b>	<b>30,807</b>	<b>30,807</b>	<b>27,950</b>	<b>366,825</b>	<b>396,999</b>	<b>421,953</b>	
<b>Surplus/(Deficit)</b>																
Surplus/(Deficit)	71,193	(23,581)	(23,581)	(23,581)	71,215	(23,581)	(23,581)	(23,581)	71,215	(23,581)	(23,581)	(24,975)	(0)	0	(0)	
Transfers recognised - capital	69,218	-	-	-	69,218	-	-	-	69,218	-	-	-	207,653	215,335	228,618	
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	44,520	44,520	42,864	47,001
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>140,411</b>	<b>(23,581)</b>	<b>(23,581)</b>	<b>(23,581)</b>	<b>140,432</b>	<b>(23,581)</b>	<b>(23,581)</b>	<b>(23,581)</b>	<b>140,432</b>	<b>(23,581)</b>	<b>(23,581)</b>	<b>19,546</b>	<b>252,173</b>	<b>258,199</b>	<b>275,620</b>	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit)</b>	<b>140,411</b>	<b>(23,581)</b>	<b>(23,581)</b>	<b>(23,581)</b>	<b>140,432</b>	<b>(23,581)</b>	<b>(23,581)</b>	<b>(23,581)</b>	<b>140,432</b>	<b>(23,581)</b>	<b>(23,581)</b>	<b>19,546</b>	<b>252,173</b>	<b>258,199</b>	<b>275,620</b>	

**Table 41: MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

DC27 Umkhanyakude - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework				
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18		
<b>Revenue by Vote</b>																		
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - BOARD & GENERAL		88 459	-	-	-	88 459	-	-	-	88 459	-	-	-	0	265 376	292 876	320 377	
Vote 3 - FINANCIAL SERVICES		753	753	753	753	753	753	753	753	753	753	753	752	9 030	9 378	9 974		
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 6 - THUSONG SERVICE CENTRE		8	8	8	8	8	8	8	8	8	8	8	8	97	102	108		
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	1 100	-	-	-	-	-	-	-	-	-	-	1 100	400	-		
Vote 8 - ELECTRICITY DEPARTMENT		552	552	552	552	552	552	552	552	552	552	552	552	6 619	6 937	7 346		
Vote 9 - WATER SERVICES		4 113	4 113	4 113	4 113	4 113	4 113	4 113	4 113	4 113	4 113	4 113	4 113	49 356	49 776	56 006		
Vote 10 - SANITATION DEPARTMENT		126	126	126	126	126	126	126	126	126	126	126	126	1 506	1 579	1 672		
Vote 11 - TECHNICAL SERVICES		3 507	-	-	-	3 507	-	-	-	3 507	-	-	(0)	10 521	10 964	11 629		
Vote 12 - (NAME OF VOTE 12)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - (NAME OF VOTE 13)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - (NAME OF VOTE 14)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - (NAME OF VOTE 15)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue by Vote</b>		97 516	6 651	5 551	5 551	97 516	5 551	5 551	5 551	97 516	5 551	5 551	5 551	343 606	372 011	407 111		
<b>Expenditure by Vote to be appropriated</b>																		
Vote 1 - COUNCIL SUPPORT		1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 096	13 158	13 794	12 114		
Vote 2 - BOARD & GENERAL		938	938	938	938	938	938	938	938	938	938	938	939	11 260	11 795	12 694		
Vote 3 - FINANCIAL SERVICES		4 584	4 584	4 584	4 584	4 584	4 584	4 584	4 584	4 584	4 584	4 584	4 584	55 002	56 945	66 356		
Vote 4 - CORPORATE SERVICES		3 391	3 391	3 391	3 391	3 391	3 391	3 391	3 391	3 391	3 391	3 391	3 390	40 886	44 189	56 910		
Vote 5 - COMMUNITY SERVICES		1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 641	19 599	20 623	25 618		
Vote 6 - THUSONG SERVICE CENTRE		113	113	113	113	113	113	113	113	113	113	113	113	1 356	1 419	1 485		
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		1 120	1 120	1 120	1 120	1 120	1 120	1 120	1 120	1 120	1 120	1 120	1 120	13 440	14 074	14 804		
Vote 8 - ELECTRICITY DEPARTMENT		1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	22 472	23 549	24 925		
Vote 9 - WATER SERVICES		13 064	13 064	13 064	13 064	13 064	13 064	13 064	13 064	13 064	13 064	13 064	13 064	156 768	175 403	181 511		
Vote 10 - SANITATION DEPARTMENT		192	192	192	192	192	192	192	192	192	192	192	191	2 299	2 406	2 518		
Vote 11 - TECHNICAL SERVICES		622	-	-	-	-	-	-	-	-	-	-	6 844	7 466	8 176			
Vote 12 - (NAME OF VOTE 12)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 13 - (NAME OF VOTE 13)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 14 - (NAME OF VOTE 14)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 15 - (NAME OF VOTE 15)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Total Expenditure by Vote</b>		28 634	28 012	28 012	28 012	28 012	28 012	28 012	28 012	28 012	28 012	28 012	34 855	343 606	372 011	407 111		
<b>Surplus/(Deficit) before assoc.</b>		68 882	(21 361)	(22 461)	(22 461)	69 505	(22 461)	(22 461)	(22 461)	69 505	(22 461)	(22 461)	(29 304)	0	0	0		
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Surplus/(Deficit)</b>	1	68 882	(21 361)	(22 461)	(22 461)	69 505	(22 461)	(22 461)	(22 461)	69 505	(22 461)	(22 461)	(29 304)	0	0	0		

**Table 42: MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

DC27 Umkhanyakude - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>																
<i>Governance and administration</i>		89,211	753	753	753	89,211	753	753	753	89,211	753	753	752	274,406	302,254	330,351
Executive and council		88,459				88,459				88,459			(0)	265,376	292,876	320,377
Budget and treasury office		753	753	753	753	753	753	753	753	753	753	753	752	9,030	9,378	9,974
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		8	8	8	8	8	8	8	8	8	8	8	8	97	102	108
Community and social services		8	8	8	8	8	8	8	8	8	8	8	8	97	102	108
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,370	41,140	43,029	33,148
Planning and development		3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,370	41,140	43,029	33,148
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		3,383	3,383	3,383	3,383	3,383	3,383	3,383	3,383	3,383	3,383	3,383	13,969	51,182	51,613	58,346
Electricity		552	552	552	552	552	552	552	552	552	552	552	552	6,619	6,937	7,346
Water		2,706	2,706	2,706	2,706	2,706	2,706	2,706	2,706	2,706	2,706	2,706	13,291	43,066	43,098	49,328
Waste water management		126	126	126	126	126	126	126	126	126	126	126	126	1,506	1,579	1,672
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>		96,036	7,577	7,577	7,577	96,036	7,577	7,577	7,577	96,036	7,577	7,577	18,099	366,825	396,999	421,953
<b>Expenditure - Standard</b>																
<i>Governance and administration</i>		10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	120,106	128,724	146,074
Executive and council		2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	24,418	27,589	22,808
Budget and treasury office		4,584	4,584	4,584	4,584	4,584	4,584	4,584	4,584	4,584	4,584	4,584	4,584	55,002	56,946	66,356
Corporate services		3,391	3,391	3,391	3,391	3,391	3,391	3,391	3,391	3,391	3,391	3,391	3,390	40,686	44,189	56,910
<i>Community and public safety</i>		1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	21,054	22,042	27,103
Community and social services		1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	21,054	22,042	27,103
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3,284	3,284	3,284	3,284	3,284	3,284	3,284	3,284	3,284	3,284	3,284	3,285	39,411	30,134	32,040
Planning and development		3,284	3,284	3,284	3,284	3,284	3,284	3,284	3,284	3,284	3,284	3,284	3,285	39,411	30,134	32,040
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		15,521	15,521	15,521	15,521	15,521	15,521	15,521	15,521	15,521	15,521	15,521	15,521	186,253	216,098	216,735
Electricity		1,873	1,873	1,873	1,873	1,873	1,873	1,873	1,873	1,873	1,873	1,873	1,873	22,472	23,549	24,925
Water		13,457	13,457	13,457	13,457	13,457	13,457	13,457	13,457	13,457	13,457	13,457	13,457	161,482	190,143	189,293
Waste water management		192	192	192	192	192	192	192	192	192	192	192	191	2,299	2,406	2,518
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>		30,569	30,569	30,569	30,569	30,569	30,569	30,569	30,569	30,569	30,569	30,569	30,570	366,825	396,999	421,952
Surplus/(Deficit) before assoc.		65,467	(22,991)	(22,991)	(22,991)	65,467	(22,991)	(22,991)	(22,991)	65,467	(22,991)	(22,991)	(12,470)	0	(0)	0
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	65,467	(22,991)	(22,991)	(22,991)	65,467	(22,991)	(22,991)	(22,991)	65,467	(22,991)	(22,991)	(12,470)	0	(0)	0

**Table 43: MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

DC27 Umkhanyakude - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<i>Multi-year expenditure to be appropriated</i>	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - BOARD & GENERAL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - THUSONG SERVICE CENTRE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - WATER SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - SANITATION DEPARTMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Single-year expenditure to be appropriated</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - BOARD & GENERAL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - THUSONG SERVICE CENTRE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		3,710	3,710	3,710	3,710	3,710	3,710	3,710	3,710	3,710	3,710	3,710	3,710	44,520	42,864	47,001	
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - WATER SERVICES		57,637	-	-	-	57,637	-	-	-	57,637	-	-	(0)	172,912	115,679	158,315	
Vote 10 - SANITATION DEPARTMENT		8,995	-	-	-	8,995	-	-	-	8,995	-	-	0	26,986	92,640	62,627	
Vote 11 - TECHNICAL SERVICES		646	646	646	646	646	646	646	646	646	646	646	646	7,755	7,016	7,676	
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	2	70,989	4,356	4,356	4,356	70,989	4,356	4,356	4,356	70,989	4,356	4,356	4,357	252,173	258,199	275,620	
Total Capital Expenditure	2	70,989	4,356	4,356	4,356	70,989	4,356	4,356	4,356	70,989	4,356	4,356	4,357	252,173	258,199	275,620	

**Table 44: MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

DC27 Umkhanyakude - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>Capital Expenditure - Standard</b>	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,357	52,275	49,880	54,677	
Planning and development		4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,357	52,275	49,880	54,677	
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		16,658	16,658	16,658	16,658	16,658	16,658	16,658	16,658	16,658	16,658	16,658	16,658	199,898	208,319	220,942	
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		14,409	14,409	14,409	14,409	14,409	14,409	14,409	14,409	14,409	14,409	14,409	14,409	172,912	115,679	158,315	
Waste water management		2,249	2,249	2,249	2,249	2,249	2,249	2,249	2,249	2,249	2,249	2,249	2,249	26,986	92,640	62,627	
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	2	21,014	21,014	21,014	21,014	21,014	21,014	21,014	21,014	21,014	21,014	21,014	21,015	252,173	258,199	275,620	
<b>Funded by:</b>																	
National Government		70,090	-	-	-	68,782	-	-	-	68,782	-	-	0	207,653	215,335	228,618	
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	44,520	44,520	42,864	47,001	
Transfers recognised - capital		70,090	-	-	-	68,782	-	-	-	68,782	-	-	44,520	252,173	258,199	275,620	
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>		70,090	-	-	-	68,782	-	-	-	68,782	-	-	44,520	252,173	258,199	275,620	

**Table 45: MBRR SA30 - Budgeted monthly cash flow**

DC27 Umkhanyakude - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand															
<b>Cash Receipts By Source</b>															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	530	530	530	530	530	530	530	530	530	530	530	530	6,360	6,664	7,057
Service charges - water revenue	3,345	3,345	3,345	3,345	3,345	3,345	3,345	3,345	3,345	3,345	3,345	3,345	40,144	39,598	42,328
Service charges - sanitation revenue	126	126	126	126	126	126	126	126	126	126	126	126	1,506	1,579	1,672
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	4	4	4	4	4	4	4	4	4	4	4	4	53	55	59
Rental of facilities and equipment	17	17	17	17	17	17	17	17	17	17	17	17	198	208	220
Interest earned - external investments	90	90	90	90	90	90	90	90	90	90	90	91	1,085	1,137	1,204
Interest earned - outstanding debtors	393	393	393	393	393	393	393	393	393	393	393	393	4,712	4,939	5,230
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	94,796	-	-	-	94,796	-	-	-	94,796	-	-	-	284,387	309,950	341,389
Other revenue	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	28,379	32,870	22,794
<b>Cash Receipts by Source</b>	101,665	6,870	6,870	6,870	101,665	6,870	6,870	6,870	101,665	6,870	6,870	6,870	366,624	397,000	421,953
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	70,090	-	-	-	68,782	-	-	-	68,782	-	-	0	207,653	215,335	228,618
Contributions recognised - capital & Contributed a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	6	6	6	6	6	6	6	6	6	6	6	6	70	72	72
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	4	4	4	4	4	4	4	4	4	4	4	4	42	43	43
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000	16,000	17,000
<b>Total Cash Receipts by Source</b>	173,014	8,129	8,129	8,129	171,706	8,129	8,129	8,129	171,706	8,129	8,129	8,129	589,589	628,450	667,686
<b>Cash Payments by Type</b>															
Employee related costs	11,291	11,291	11,291	11,291	11,291	11,291	11,291	11,291	11,291	11,291	11,291	11,291	135,491	142,063	148,642
Remuneration of councillors	951	951	951	951	951	951	951	951	951	951	951	951	11,409	12,035	13,655
Finance charges	26	26	26	26	26	26	26	26	26	26	26	26	317	332	352
Bulk purchases - Electricity	1,653	1,653	1,653	1,653	1,653	1,653	1,653	1,653	1,653	1,653	1,653	1,653	19,832	20,784	22,011
Bulk purchases - Water & Sewer	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	43,405	45,489	48,173
Other materials	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	2,423	29,072	31,880	33,754
Contracted services	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	18,309	19,188	20,320
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	319	319	319	319	319	319	319	319	319	319	319	319	3,828	4,012	4,248
Other expenditure	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	42,043	55,290	63,286
<b>Cash Payments by Type</b>	25,309	25,309	25,309	25,309	25,309	25,309	25,309	25,309	25,309	25,309	25,309	25,310	303,707	331,073	354,440
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	69,218	-	-	-	69,218	-	-	-	69,218	-	-	44,520	252,173	258,199	275,620
Repayment of borrowing	-	-	650	-	-	-	-	-	650	-	-	(0)	1,300	1,560	1,560
Other Cash Flow/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	94,527	25,309	25,959	25,309	94,526	25,309	25,309	25,309	95,176	25,309	25,309	69,830	557,180	590,832	631,620
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	78,488	(17,180)	(17,830)	(17,180)	77,180	(17,180)	(17,180)	(17,180)	76,530	(17,180)	(17,180)	(61,700)	32,410	37,618	36,067
Cash/cash equivalents at the monthly year begin:	5,095	83,583	66,403	48,573	31,393	108,573	91,394	74,214	57,034	133,564	116,384	99,205	5,095	37,504	75,122
Cash/cash equivalents at the monthly year end:	83,583	66,403	48,573	31,393	108,573	91,394	74,214	57,034	133,564	116,384	99,205	37,504	37,504	75,122	111,189

## 2.10 Annual budgets and SDBIPs – internal departments

### Water Services Department – Vote 9

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.



**Table 46: Water Services Department - operating revenue by source, expenditure by type and total capital expenditure**

Description	Ref	Current Year 2014/15		Full Year Forecast	Pre-audit outcome	2015/16 Medium Term Revenue & Expenditure Framework		
		1 Original Budget	Adjusted Budget			Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>Revenue By Source</b>								
Service charges - water revenue	2	38 117 373	38 117 372	38 117 371	38 117 370	44 156 321	46 275 825	49 006 098
Total Revenue (excluding capital transfers and contributions)		<b>38 117 373</b>	<b>38 117 372</b>	<b>38 117 371</b>	<b>38 117 370</b>	<b>44 156 321</b>	<b>46 275 825</b>	<b>49 006 098</b>
<b>Expenditure By Type</b>								
Employee related costs	2	42 707 080	41 999 528	41 999 528	41 999 528	44 927 423	47 290 249	49 490 188
Debt impairment	3	36 365 925	18 366 000	18 366 000	18 366 000	36 365 925	38 365 925	40 629 515
Bulk purchases	2	41 819 110	41 819 000	41 819 000	41 819 000	43 405 246	45 488 698	48 172 531
Other materials	8	10 200 000	16 000 000	16 000 000	16 000 000	27 488 460	28 807 906	30 507 572
Other expenditure		8 560 000	9 264 001	9 264 001	9 264 001	4 580 926	15 450 702	14 975 004
		<b>139 652 115</b>	<b>127 448 529</b>	<b>127 448 529</b>	<b>127 448 529</b>	<b>156 767 980</b>	<b>175 403 480</b>	<b>183 774 810</b>
<b>Surplus/(Deficit)</b>		<b>-101 534 742</b>	<b>-89 331 157</b>	<b>-89 331 158</b>	<b>-89 331 159</b>	<b>-112 611 659</b>	<b>-129 127 655</b>	<b>-134 768 712</b>

- There are currently no unfilled positions in the top management structure of the Water Services Department. As part of the performance objectives for the 2015-2016 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.
- Significant capital projects to be undertaken over the medium term includes, amongst others:
  - Expansion of the bulk reservoir supply
  - Replacement and upgrading of deficient reticulation infrastructure; and
  - Purification plant upgrades.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance.

### **2.11 Contracts having future budgetary implications**

In terms of the municipality's Supply Chain Management Policy, The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made. Consultancy services must be procured through competitive bids if the value of the contract exceeds R 200 000 (VAT included); or the duration period of the contract exceeds one year. In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of all consultancy services provided to an organ of state in the last five years; and any similar consultancy services provided to an organ of state in the last five years.

### **2.12 Capital expenditure details**

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

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the repairs and maintenance

**Table 47: MBRR SA34a – Capital expenditure on new assets by assets class**

DC27 Umkhanyakude - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	119,871	119,871	119,871	86,406	128,822	135,220
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements &amp; Bridges</i>		-	-	-	-	-	-	-	-	-
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>		-	-	-	-	-	-	-	-	-
<i>Street Lighting</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	95,831	95,831	95,831	69,165	70,580	94,989
<i>Dams &amp; Reservoirs</i>		-	-	-	-	0	0	-	-	-
<i>Water purification</i>		-	-	-	95,831	95,831	95,831	69,165	70,580	94,989
<i>Reticulation</i>		-	-	-	-	0	0	-	-	-
Infrastructure - Sanitation		-	-	-	21,600	21,600	21,600	10,794	51,226	32,555
<i>Reticulation</i>		-	-	-	-	0	0	-	-	-
<i>Sewerage purification</i>		-	-	-	21,600	21,600	21,600	10,794	51,226	32,555
Infrastructure - Other		-	-	-	2,440	2,440	2,440	6,447	7,016	7,676
<i>Waste Management</i>		-	-	-	-	-	-	-	-	-
<i>Transportation</i>	2	-	-	-	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>	3	-	-	-	2,440	2,440	2,440	6,447	7,016	7,676
<b>Community</b>		-	-	-	1,126	1,126	1,126	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	1,126	1,126	1,126	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		-	-	-	7,000	7,000	7,000	-	3,000	2,000
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		-	-	-	7,000	7,000	7,000	-	3,000	2,000
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other ( <i>list sub-class</i> )		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	1	-	-	-	127,997	127,997	127,997	86,406	131,822	137,220



**Table 48 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**



DC27 Umkhanyakude - Supporting Table SA34b Consolidated capital expenditure on existing assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	119,871	119,951	119,951	78,538	81,476	85,329
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements &amp; Bridges</i>		-	-	-	-	-	-	-	-	-
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>		-	-	-	-	-	-	-	-	-
<i>Street Lighting</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	95,831	95,831	95,831	63,888	47,053	63,326
<i>Dams &amp; Reservoirs</i>		-	-	-	-	-	-	-	-	-
<i>Water purification</i>		-	-	-	95,831	95,831	95,831	63,888	47,053	63,326
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	21,600	21,600	21,600	14,400	34,150	21,703
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>		-	-	-	21,600	21,600	21,600	14,400	34,150	21,703
Infrastructure - Other		-	-	-	2,440	2,520	2,520	250	273	300
<i>Waste Management</i>		-	-	-	-	-	-	-	-	-
<i>Transportation</i>	2	-	-	-	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>	3	-	-	-	2,440	2,520	2,520	250	273	300
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other ( <i>list sub-class</i> )		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing</b>	1	-	-	-	119,871	119,951	119,951	78,538	81,476	85,329



**Table 49: MBRR SA35 - Future financial implications of the capital budget**

DC27 Umkhanyakude - Supporting Table SA35 Consolidated future financial implications of the capital budget

Vote Description	Ref	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-
Vote 2 - BOARD & GENERAL		-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-
Vote 6 - THUSONG SERVICE CENTRE		-	-	-	-	-	-	-
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		44,520	42,864	47,001	-	-	-	-
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-	-	-	-	-
Vote 9 - WATER SERVICES		172,912	115,679	158,315	-	-	-	-
Vote 10 - SANITATION DEPARTMENT		26,986	92,640	62,627	-	-	-	-
Vote 11 - TECHNICAL SERVICES		7,755	7,016	7,676	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>		-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>		252,173	258,199	275,620	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-
Vote 2 - BOARD & GENERAL		-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-
Vote 6 - THUSONG SERVICE CENTRE		-	-	-	-	-	-	-
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-	-	-	-	-
Vote 9 - WATER SERVICES		-	-	-	-	-	-	-
Vote 10 - SANITATION DEPARTMENT		-	-	-	-	-	-	-
Vote 11 - TECHNICAL SERVICES		-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>		-	-	-	-	-	-	-
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	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>		-	-	-	-	-	-	-
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		252,173	258,199	275,620	-	-	-	-

**Table 50: MBRR SA36 - Detailed capital budget per municipal vote**

DC27 Umkhanyakude - Supporting Table SA36 Consolidated detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand	4				6	3	3	5								
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
NIL	0	NIL					NIL	0	-	-	-	-	-	-	-	-
Thembaletu Sanitation	0	Community infrastructure			Yes	Infrastructure - Sanitation	Sewerage purification	0	100,919	-	-	5,736	10,713	18,919	WARD 20	NEW
Ingwavuma VIP sanitation	0	Community infrastructure			Yes	Infrastructure - Sanitation	Waste Management	0	142,589	-	-	10,625	15,000	31,438	10,11,12,13,14,15,16	NEW
Mtuba sanitation	0	Community infrastructure			Yes	Infrastructure - Sanitation	Sewerage purification	0	95,778	-	-	10,625	45,575	3,901	WARD 9,10,11,12,13	New & Addition
Kwajobe/Ntshongwe CWSS	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	160,194	-	-	15,000	24,801	35,000	6,7	NEW
Mkhuze WTW Plant Upgrade	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	25,115	-	-	25,200	38,016	-	WARD 20	NEW
Hluhluwe Water Phase 1 upgrade	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	38,868	-	-	7,000	2,512	-	WARD 8 & 9	Renewal
Hlabisa Mandlakazi Water retic	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	113,823	-	-	50,693	2,400	4,700	5	Renewal
Disaster Management Centre	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	14,626	-	-	1,750	13,000	-	WARD 1	NEW
Mpukunyoni CWSS Remedial	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	92,351	-	-	15,000	1,463	7,500	6,13,14,15,16,17,18	Renewal
Hluhluwe Phase 2 and 4 Link	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	-	-	-	-	-	-	0	NIL
Shemula Community Water Supply	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	-	-	-	15,000	-	-	WARD 12	NEW
Jozini Ingwavuma Reticulation	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	-	-	-	-	-	-	-	NIL
Dukuduku Water Supply Project	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	-	-	-	-	-	-	-	NIL
Jozini Regional Community Water Supply	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	-	-	-	30,000	-	68,349	7	Renewal
Manguzi Star of the Sea water project	0	Community infrastructure			Yes	Infrastructure - Water	Reticulation	0	-	-	-	8,269	-	-	WARD 1	Renewal

**Table 51: MBRR SA37 - Projects delayed from previous financial year**

DC27 Umkhanyakude - Supporting Table SA37 Consolidated projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref.		Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2014/15		2015/16 Medium term Revenue & Expenditure Framework		
	1,2								Original Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	R thousand								Year				
<b>Parent municipality:</b>													
<i>List all capital projects grouped by Municipal Vote</i>													
					<i>Examples</i>								
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
<b>Entities:</b>													
<i>List all capital projects grouped by Municipal Entity</i>													
<b>Entity Name</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	-	-	-	-	

### **2.13 Legislation compliance status**

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

- In year reporting
- Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance.
- Internship programme. The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed permanently from December 2012. The remaining four have completed their two year contract on 30 January 2012, and extension for six months has been granted to the current interns.
- Budget and Treasury Office. The Budget and Treasury Office has been established in accordance with the MFMA.
- Audit Committee. An Audit Committee has been established and is fully functional.
- Service Delivery and Implementation Plan. The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013.
- Annual Report. Annual report is compiled in terms of the MFMA and National Treasury requirements.

### **2.14 Other supporting documents**

**Table 52: MBRR Table SA1 - Supporting detail to budgeted financial performance**



**Table 53: MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

DC27 Umkhanyakude - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)

Description	Ref	Vote 1 - COUNCIL SUPPORT	Vote 2 - BOARD & GENERAL	Vote 3 - FINANCIAL SERVICES	Vote 4 - CORPORATE SERVICES	Vote 5 - COMMUNITY SERVICES	Vote 6 - THUSONG SERVICE CENTRE	Vote 7 - SOCIAL ECONOMIC DEVELOPME NT	Vote 8 - ELECTRICIT Y DEPARTMEN T	Vote 9 - WATER SERVICES	Vote 10 - SANITATION DEPARTMEN T	Vote 11 - TECHNICAL SERVICES	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
R thousand																	
<b>Revenue By Source</b>																	
Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	53	-	-	-	-	-	-	-	-	-	-	-	-	53
Service charges - electricity revenue		-	-	-	-	-	-	6,619	-	-	-	-	-	-	-	-	6,619
Service charges - water revenue		-	-	-	-	-	-	-	32,471	-	-	-	-	-	-	-	32,471
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	1,506	-	-	-	-	-	-	1,506
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	101	-	97	-	-	-	-	-	-	-	-	-	-	198
Interest earned - external investments		-	-	1,065	-	-	-	-	-	-	-	-	-	-	-	-	1,065
Interest earned - outstanding debtors		-	-	4,712	-	-	-	-	-	-	-	-	-	-	-	-	4,712
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	888	-	-	-	-	-	-	-	-	-	-	-	-	888
Other revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		-	265,376	2,190	-	-	-	41,204	-	-	-	10,521	-	-	-	-	319,291
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and con</b>		-	265,376	9,030	-	-	97	41,204	6,619	32,471	1,506	10,521	-	-	-	-	366,825
<b>Expenditure By Type</b>																	
Employee related costs		2,225	3,823	25,053	14,359	13,790	1,366	7,673	1,066	44,927	2,299	7,466	-	-	-	-	124,028
Remuneration of councillors		8,409	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,409
Debt impairment		-	-	-	-	-	-	-	-	36,366	-	-	-	-	-	-	36,366
Depreciation & asset impairment		-	-	24,412	-	-	-	-	-	-	-	-	-	-	-	-	24,412
Finance charges		-	-	317	-	-	-	-	-	-	-	-	-	-	-	-	317
Bulk purchases		-	-	-	-	-	-	-	19,832	43,405	-	-	-	-	-	-	63,238
Other materials		-	-	-	1,373	-	-	-	1,584	27,488	-	-	-	-	-	-	30,445
Contracted services		-	4,202	2,649	18,309	-	-	-	-	-	-	-	-	-	-	-	25,160
Transfers and grants		-	-	-	-	-	-	3,828	-	-	-	-	-	-	-	-	3,828
Other expenditure		7,238	3,235	2,571	6,644	5,908	-	20,444	-	4,581	-	-	-	-	-	-	50,622
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		17,872	11,260	55,002	40,686	19,699	1,366	31,945	22,472	156,768	2,299	7,466	-	-	-	-	366,825
<b>Surplus/(Deficit)</b>		(17,872)	254,116	(45,973)	(40,686)	(19,699)	(1,259)	9,259	(15,853)	(124,297)	(792)	3,065	-	-	-	-	(0)
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	207,653	-	-	-	-	207,653
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	44,520	-	-	-	-	-	-	-	-	44,520
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(17,872)	254,116	(45,973)	(40,686)	(19,699)	(1,259)	53,779	(15,853)	(124,297)	(792)	210,708	-	-	-	-	252,173

**Table 54: MBRR Table SA3 – Supporting detail to Statement of Financial Position**

DC27 Umkhanyakude - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits < 90 days		26,077	3,276	649	100,000	-	-	-	15,000	16,000	16,500
Other current investments > 90 days		98,157	128,044	3,589	-	10,000	10,000	10,000	-	-	-
<b>Total Call investment deposits</b>	2	124,234	131,319	4,239	100,000	10,000	10,000	10,000	15,000	16,000	16,500
<b>Consumer debtors</b>											
Consumer debtors		24,806	14,037	13,571	66,245	65,245	65,245	65,245	82,567	76,182	87,608
Less: Provision for debt impairment		-	-	-	(36,366)	(36,366)	(36,366)	(36,366)	(38,511)	(39,218)	(39,218)
<b>Total Consumer debtors</b>	2	24,806	14,037	13,571	29,879	28,879	28,879	28,879	44,056	36,963	48,390
<b>Debt impairment provision</b>											
Balance at the beginning of the year		-	-	-	-	-	-	-	-	-	-
Contributions to the provision		-	-	-	-	-	-	-	-	-	-
Bad debts written off		-	-	-	-	-	-	-	-	-	-
<b>Balance at end of year</b>		-	-	-	-	-	-	-	-	-	-
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		1,070,669	1,242,721	1,476,041	1,324,866	1,324,866	1,324,866	1,324,866	1,457,866	1,511,719	1,611,719
Leases recognised as PPE	3	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		-	-	-	(23,118)	(23,118)	(23,118)	(23,118)	24,412	(25,430)	(27,973)
<b>Total Property, plant and equipment (PPE)</b>	2	1,070,669	1,242,721	1,476,041	1,347,984	1,347,984	1,347,984	1,347,984	1,433,453	1,537,148	1,639,691
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)		1,592	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		9,928	2,829	11,698	1,560	1,560	1,560	1,560	1,301	1,560	1,560
<b>Total Current liabilities - Borrowing</b>		11,521	2,829	11,698	1,560	1,560	1,560	1,560	1,301	1,560	1,560
<b>Trade and other payables</b>											
Trade and other creditors		47,136	76,320	122,862	56,380	96,380	96,380	96,380	96,717	116,850	146,417
Unspent conditional transfers		98,100	78,729	23,603	62,891	22,891	22,891	22,891	-	-	-
VAT		-	-	-	-	-	-	-	-	-	-
<b>Total Trade and other payables</b>	2	145,236	155,048	146,465	119,271	119,271	119,271	119,271	96,717	116,850	146,417
<b>Non current liabilities - Borrowing</b>											
Borrowing	4	9,805	9,732	8,181	8,172	8,172	8,172	8,172	7,428	6,018	5,868
Finance leases (including PPP asset element)		393	173	425	167	167	167	167	150	150	150
<b>Total Non current liabilities - Borrowing</b>		10,198	9,905	8,606	8,339	8,339	8,339	8,339	7,578	6,168	6,018
<b>Provisions - non-current</b>											
Retirement benefits		-	-	-	-	-	-	-	-	-	-
List other major provision items		-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-	-
Other		-	3,260	4,080	-	-	-	-	-	-	-
<b>Total Provisions - non-current</b>		-	3,260	4,080	-	-	-	-	-	-	-
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		-	-	1,447,530	1,500,162	1,500,162	1,500,162	1,500,162	1,431,634	1,522,728	1,616,229
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		-	-	1,447,530	1,500,162	1,500,162	1,500,162	1,500,162	1,431,634	1,522,728	1,616,229
Surplus/(Deficit)		238,479	179,529	100,519	258,185	157,269	157,269	157,269	252,173	258,199	275,620
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
<b>Accumulated Surplus/(Deficit)</b>	1	238,479	179,529	1,548,049	1,758,347	1,657,431	1,657,431	1,657,431	1,683,807	1,780,927	1,891,849
<b>Reserves</b>											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	238,479	179,529	1,548,049	1,758,347	1,657,431	1,657,431	1,657,431	1,683,807	1,780,927	1,891,849



**Table 55: MBRR SA9 – Social, economic and demographic statistics and assumptions**

DC27 Umkhanyakude - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population		Statistic SA	-	-	-	-	-	-	625846	-	-	-
Females aged 5 - 14		Statistic SA	-	-	-	-	-	-	215500	-	-	-
Males aged 5 - 14		Statistic SA	-	-	-	-	-	-	95015	-	-	-
Females aged 15 - 34		Statistic SA	-	-	-	-	-	-	265500	-	-	-
Males aged 15 - 34		Statistic SA	-	-	-	-	-	-	49831	-	-	-
Unemployment		Statistic SA	-	-	-	-	-	-	155000	-	-	-
<b>Monthly household income (no. of households)</b>												
No income	1, 12	Statistic SA	-	-	-	-	-	-	-	-	-	-
R1 - R1 600		Statistic SA	-	-	-	-	-	-	-	-	-	-
R1 601 - R3 200		Statistic SA	-	-	-	-	-	-	-	-	-	-
R3 201 - R6 400		Statistic SA	-	-	-	-	-	-	-	-	-	-
R6 401 - R12 800		Statistic SA	-	-	-	-	-	-	-	-	-	-
R12 801 - R25 600		Statistic SA	-	-	-	-	-	-	-	-	-	-
R25 601 - R51 200		Statistic SA	-	-	-	-	-	-	-	-	-	-
R52 201 - R102 400		Statistic SA	-	-	-	-	-	-	-	-	-	-
R102 401 - R204 800		Statistic SA	-	-	-	-	-	-	-	-	-	-
R204 801 - R409 600		Statistic SA	-	-	-	-	-	-	-	-	-	-
R409 601 - R819 200		Statistic SA	-	-	-	-	-	-	-	-	-	-
> R819 200		Statistic SA	-	-	-	-	-	-	-	-	-	-



**Table 56: MBRR SA32 – List of external mechanisms**

DC27 Umkhanyakude - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
KSS	Yrs	1	Security		3,720
NIL	nil	1	NIL	nil	-
Steiner Hygiene	Yrs	1	cleaning services		720
Nashua	Yrs	1	Leasing machine		575
brand partners	Yrs	1	communication		3,396
camelsa	Yrs	1	financial system		410
nil	Yrs	1	nil		-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-
nil	nil	nil	nil	nil	-

**2.18 Municipal manager’s quality certificate**



### **Municipal manager's quality certificate**

I **Elliot Musa Mzimela** municipal manager of UMkhanyakude District Municipality, hereby certify that the 2015-16 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 2015-16 annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Elliot Musa Mzimela

**Municipal Manager of UMkhanyakude District Municipality (DC27)**

Signature: \_\_\_\_\_

Date : \_\_\_\_\_

Print Name: Mkhululeni Simon Dlamini

**Chief Financial Officer of UMkhanyakude District Municipality (DC27)**

Signature: \_\_\_\_\_

Date : \_\_\_\_\_