

SUNDAYS RIVER VALLEY MUNICIPALITY



**FINAL MTREF BUDGET FOR 2018/19
FINANCIAL YEAR**

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SUNDAY'S RIVER VALLEY LOCAL MAYORS BUDGET SPEECH

Honourable Speaker

Executive members

Councillors

Officials

I greet you all in the name of service delivery.

The 2018 Budget Review emphasised that, although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expand trade and investment. The world economic growth is at its highest since 2014 and continues to gather pace with Gross Domestic Product (GDP) growth increasing across all major economies.

Sundays River Valley municipality is not immune to the realities of the local economy, although we the country is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

Despite this growth, the agricultural market can still feel the negative effects of the drought experienced as the production levels have decreased resulting in poor quality of produce, less exports and weakened employment growth. This will impact on the ability of the municipality to generate and collect revenue on services, to keep expenditures within budgeted allocations, and to borrow to fund capital expenditure programmes at affordable rates. The municipality will have to improve their efforts to limit non-priority spending and to implement stringent cost containment measures

Therefore, it is critical for municipality to review how they conduct their business to ensure value for money is obtained in all expenditures as a conservative approach is applied for projecting revenue, that revenue administration systems are operating effectively and that borrowing programmes are realistic, and that creditors (including bulk service providers) continue to be paid timeously and in full.

As we strive towards impacting rural livelihood for the better in local Municipality of Sunday's River Valley, amongst the compliance issues is the submission of the MTREF budget as prescribed in section 126 of the Local Government: Municipal Finance Management Act 56 of 2003.

I therefore submit 2018/19 Final Budget. The Council remains committed in improving its service delivery even though our budget is limited as the municipality is grant dependant and hoping to meet the challenges it faces and hopefully in future years, I will be able to report positively on the progress we have made in this regard.

In conclusion I would like to ensure our community that though the budget is limited but Sunday's River Valley municipality will remain committed in improving its service delivery. I also would like to express my appreciation to my fellow Council members, the Municipal Manager, The Chief Financial Officer and all other staff for their support, cooperation and hard work during the preparation of the budget as well as IDP.

COUNCIL RESOLUTION

1. That in terms of the section 24 of the Municipal Finance Management Act, 56 of 2003, the final budget of the Sundays River Valley Municipality for the financial year 2018/19; and indicative allocations for the two projected outer years 2019/20; and 2020/21; and the multi-year and single-year capital appropriations are approved as set-out in the following tables:
 - 1.1. Budgeted Financial performance (revenue and expenditure by municipal vote and standard classification);
 - 1.2. Budgeted Financial performance (revenue and expenditure by municipal vote);
 - 1.3. Budgeted Financial performance (revenue by source and expenditure by type); and
 - 1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
2. That the financial position, cash flow, cash backed reserve/ accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables:
 - 2.1. Budgeted Financial position;
 - 2.2. Budgeted Cash Flows;
 - 2.3. Cash backed reserves and accumulated surplus reconciliation;
 - 2.4. Asset management; and
 - 2.5. Basic service delivery measurement.
3. That in terms of Section 42(2)(c)(i) and (ii) of the Municipal Finance Management Act 56 of 2003 and section 74 and 75A of the Local Government: Municipal Systems Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out in annexure A, that were used to prepare the estimates of revenue by sources, are approved with effect from 1 July 2018.
4. That the final budget be approved subject to the proposals made by the Mayor to be considered in the final budget.

1.3 THE BUDGET OVERVIEW

This section contains an Executive Summary of the Sunday's River Valley Local Municipality's Budget followed by a more detailed explanation of its Operating and Capital components over the next three years.

1.4 EXECUTIVE SUMMARY

INTRODUCTION

The budget has been developed according to the requirements of the Municipal Finance Management Act (no. 56 of 2003) and will support the Municipality in achieving the strategic objectives contained in our IDP.

The projects in the IDP have been prioritized and will be implemented over the next three years. Due to funding constraints Council could not accommodate all high priority projects in the year ahead and had to spread it over a three-year period which is in line with National Treasuries requirements. The three year capital programme also contributes to sound financial management.

In compiling the final budget for 2018/19, application of sound financial management principles is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities with emphasis on long term sustainability.

Sundays River Valley has been performing well in terms of compliance so by ensuring no grant funding is withheld but rather more funding is directed to the municipality come adjustment period due to spending patterns. Be that so, further emphasis is to be placed on sustainability, this implies that expenditure must be kept within the revenue recovered and that no capital projects, which is not cash backed can be rolled over to the next financial year.

Sustainability can only be achieved if we take the following into account, but not limited to the below:

- The intensive collection and management of expected income
- The management of Contractor payments
- The reduction of irregular expenditure
- The management of Councils expenditure budget
- The implementation of cash containment

mSCOA IMPLEMENTATION

The implementation of mSCOA is an initiative from National Treasury. Municipal Standard Chart of Accounts (mSCOA) provides a uniform approach to the capture of accounting information by Local Government. mSCOA is multi-dimensional in nature as it is a business reform and affects municipal officials across the board as it influences the municipality's business processes.

The municipality has successfully implemented the regime which affects the entire institution on the 1 July 2017. However, as this is a new system dedicated to eliminating disjuncture found in municipal reporting, developments and updates can be expected as National Treasury has not released the final version yet.

As a result, the municipality will now be upgrading to the latest version release of the National Treasury insofar as mSCoA. The municipality has updated its system from version 6.1 to version 6.2 for the 2018/19 financial year which is aligned to version 6.2 of the mSCOA classification framework which is used when compiling the 2018/19 MTREF budget.

FINAL BUDGET PREPARATION

Chapter 4 of the MFMA determines that after the Final Budget is tabled to Council the Accounting Officer / Municipal Manager must make it public and invite the Local Community to submit representations to Council thereon. The Final Budget must also be submitted to National treasury and the relevant Provincial treasury to be assessed.

After considering the Budget submissions from all stakeholders, the Council must give the Mayor an opportunity to revise the Budget and table amendments for consideration by Council.

National Treasury's MFMA Circular No. 91 was used to guide the compilation of the 2018/19 MTREF as it issues guidelines on information to be included in the final budget.

The main challenges experienced during the compilation of the final 2019 MTREF budget can be summarised as follows:

- Ongoing national and local economy difficulties
- Collection rate not being at the desired levels to ensure cash backed budget is approved
- The need to prioritise projects and expenditure within the existing resources given the continued cash flow challenges within the municipality
- The increased cost (above consumer inflation) of bulk electricity and water, is placing upwards pressure on the municipal service tariffs which is unfavourable for residents
- On- going changes to mSCoA classification framework

The following budget principles and guidelines directly influenced the compilation of the final annual budget of 2018/19:

- The 2017/18 Adjustment budget priorities
- The base line allocations contained in the Adjustment budget were adopted as upper limits for the new base line for the 2018/19 annual budget
- Tariff and property rates increase should be affordable, cover the cost of bulk services and not exceed consumer inflation except where there are price increase in inputs beyond the municipality's control
- There will be no budget allocated to national or provincial funded projects unless the grants to the municipality are gazetted in the Division of Revenue Act
- The funding constraints with regards to the low available funding for the Capital Budget through the Cash backed Reserve

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 final budget:

SUMMARY STATEMENT OF FINANCIAL PERFORMANCE				
DESCRIPTION	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R'000				
TOTAL REVENUE BY SOURCE	253,549,223.83	270,948,983.54	261,233,334.58	270,547,647.98
TOTAL OPERATING EXPENDITURE	(196,887,120.44)	(239,001,529.23)	(249,592,136.22)	(262,546,409.30)
(SURPLUS)/ DEFICIT	56,662,103.39	31,947,454.32	11,641,198.35	8,001,238.67

Total operating revenue has increased by 7 per cent or R17.4 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget. For the two outer years, operational revenue will decrease and increase by 4 and 4 per cent respectively, equating to a total revenue growth of R17 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2018/19 financial year has been appropriated at R239 million and translates into a budgeted surplus of R31.9 million. Included in the operating expenditure are non-cash items to the value of R62.9 million. When compared to the 2017/18 Adjustments Budget, operational expenditure has increased by R42.1 million in the 2018/19 budget and gradually increases by 4 and 5 per cent for each of the respective outer years of the MTREF.

The capital budget of the municipality has increased by R30.2 million or by 39 per cent for the 2018/19 financial year when compared to the 2017/18 Adjustment Budget. A substantial portion of the capital budget will be funded from government grant transfers. The balance will be funded from internally generated funds provided all anticipated revenues are received and borrowings.

1.5 OPERATING REVENUE FRAMEWORK

For the municipality to achieve its set targets in terms of service delivery it needs to generate sufficient revenue. Financial state of affairs of the municipality need difficult decisions to be made in terms of tariff increases and balancing expenditure against planned realistic anticipated revenues. Efficient and effective revenue management is thus critical.

The Municipality’s revenue management strategy includes the following key components:

- National Treasury’s guidelines in this regard;
- Growth in the revenue base;
- Efficient revenue management, aiming to improve annual collection rate for property rates and service charges, after discounting the Free Basic Services (FBS) subsidies;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water bulk tariff increases as approved by the Department of Water Affairs (DWA);
- Ensuring fully cost reflective tariffs for trading services;
- The Property Rates Policy;
- The municipality’s Indigent Policy and the rendering of Free Basic Services;
- The level of property rates and tariff increases must ensure financially sustainable service delivery.

The below table is a summary of the 2018/19 MTREF (classified by main revenue source):

EC106 Sundays River Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	-	-	-	35,771	46,486	46,486	46,486	48,950	51,593	54,431
Service charges - electricity revenue	2	-	-	-	15,237	21,213	21,213	21,213	16,290	17,405	18,705
Service charges - water revenue	2	-	-	-	10,653	13,359	13,359	13,359	14,067	14,826	15,642
Service charges - sanitation revenue	2	-	-	-	2,644	5,519	5,519	5,519	5,812	6,126	6,463
Service charges - refuse revenue	2	-	-	-	5,367	8,573	8,573	8,573	9,027	9,515	10,038
Service charges - other											
Rental of facilities and equipment					36	335	335	335	68	70	73
Interest earned - external investments					1,653	1,750	1,750	1,750	1,843	1,942	2,049
Interest earned - outstanding debtors					11,090	6,401	6,401	6,401	9,126	9,619	10,148
Dividends received								-			
Fines, penalties and forfeits					3,172	3,166	3,166	3,166	3,169	3,343	3,527
Licences and permits					2,680	1,801	1,801	1,801	1,946	2,051	2,164
Agency services					2,715	2,715	2,715	2,715	2,859	3,013	3,179
Transfers and subsidies					71,843	71,984	71,984	71,984	94,751	97,707	109,361
Other revenue	2	-	-	-	556	748	748	748	559	603	648
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		-	-	-	163,416	184,049	184,049	184,049	208,467	217,813	236,427

Explanatory Notes

The revenue of Sundays River Valley Municipality is pre-dominantly raised through grants and subsidies from National and Provincial Government. Rates and services constitute a relative portion of the total revenue and thus the budget is based on a medium base of own sources.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. In the 2017/18 financial year, revenue from rates and services charges totalled R95.2 million. This decreases to R94.1 million in 2018/19, and will grow at an average annual rate of 6 per cent in the respective outer financial years of the MTREF. This growth can be mainly attributed to the increased tariffs rates in line with consumer price index projections. The decrease in rates and service from 2018 financial year to 2019 financial is attributed to increase in number of straight connections ,which lead in to decrease in collection as well as billing.

Interest earned for outstanding debtors has been budgeted using the adjusted 2017/18 budget baseline. Furthermore, it is advised and it would be best practice for Council to write off outstanding Indigent debt above 90 days based on the recoverability rate of customers.

Licence and permits have increased by 8 per cent. The increase is a result of higher expected licenses to be received due to better service delivery and roadworthy centre being operational.

Transfers recognised as operational receipts is the largest revenue source totalling 45 per cent or R94.8 million rand of total revenue excluding capital transfers. Transfers increases to R109.4 million by 2020/21.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

EC106 Sundays River Valley - Transfers and grant receipts				
R thousand	Description	2017/18 Medium Term Revenue &		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:				
Operating Transfers and Grants				
	National Government:	92,117	94,788	106,210
	Local Government Equitable Share	71,971	79,108	86,898
	EPWP Incentive	1,000		
	Integrated National Electrification Programme	16,731	12,800	16,000
	Finance Management	2,415	2,880	3,312
	District Municipality:	1,434	1,578	1,736
	<i>Environmental Health</i>	1,434	1,578	1,736
	<i>Fire</i>			
	Provincial Government	1,200	1,341	1,415
	<i>LIBRARY</i>	1,200	1,341	1,415
	Total Operating Transfers and Grants	94,751	97,707	109,361

REVISING TARRIFS

To maintain an effective, efficient and sustainable town, tariff increases are inevitable. Tariff setting plays a major role in ensuring desired levels of revenue by assisting in the compilation of a credible and balanced budget to accommodate the basic service provision.

The determination of tariffs for the 2018/19 financial year has been guided by our Tariff Policy and guidelines set by National Treasury in the Municipal Budget Circular 91 for the 2018/19 MTREF. National treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Sundays River Valley has maintained an increase of 6% but this is not a good measure for the municipality as the gap between cost drivers and tariff levies steadily widens.

The upper boundary of tariff increases prescribed by National Treasury in Circular no 89 is 6% for rates, tariffs and other charges with the exception of the Electricity tariff. Given that this tariff increase is determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. NERSA has advised the municipality to increase its tariff by 6.84 per cent and this has been affected accordingly.

Additional tariffs have been included for environmental health and town planning purposes and are table below:

SERVICE	TARIFFS	
	NEW APPLICATION	RENEWAL
Certificate of Acceptability(CoA)	R150	R100
Certificate of unsound foodstuffs (Condemns Certificate)	R200 per hour	N/A
Health Certificate (Crèches, Schools, etc)	R150	R100
Application for exhumation and re-burials	R200	N/A
Re-Issue of all Certificates	R100	N/A

FEES FOR LAND USE APPLICATIONS SUBMITTED IN TERMS OF THE PROPOSED MUNICIPAL SPATIAL PLANNING AND LAND USE BY-LAW, FOR THE 2016/2017 FINANCIAL YEAR	
TYPE OF APPLICATION	FEE INCL VAT R
CATEGORY 1 LAND DEVELOPMENT APPLICATIONS	
1. Amendment of an application:	Same as tariff of new application 10% of tariff of new application
(a) If already approved by the Municipality	
(b) If not already approved by the Municipality	
2. Phasing /cancellation of approved layout plan	1 593.00
3. Rezoning:	Applicant to advertise
(a) Advertising Fees	
(b) Erven 0 – 2500 m2	2,237.00
(c) Erven 2501 – 5000 m2	4 193.00
(d) Erven 5001 – 10 000 m2	8,388.00

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(e) Erven 1 ha – 5 ha	11,182.00
(f) Erven over 5 ha	13,978.00
4. Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title of the land	620.00
5. Amendment or cancellation of a general plan of a township	1 755.00
6. Subdivision of land:	
(a) Basic Fee	1 529.00
(b) Charge per subdivision (remainder considered a subdivision)	139.00
(c) Subdivisions into more than 80 erven (Township Establishment)	12 649.00
7. Permanent closure of a public place Per closure	531.00
8. Development on communal land	5 092.00

CATEGORY 2 LAND USE APPLICATIONS

1. Subdivision of land provided for in land use scheme or town planning scheme	521.00
2. Subdivision of land	521.00
3. Consent use	1,290.00
4. The removal, amendment or suspension of a restrictive title condition relating to the density of residential development	620.00
5. Departures	
(a) Advertising fee for departures	2,743.00
(b) Erven smaller than 500 m2	460.00
(c) Erven 500 – 750 m2	892.00
(d) Erven larger than 750 m2	1600.00

6.	Occasional use: other rights		770.00
7.	Material amendments to original application prior to approval/refusal		50% of original application fee
MISCELLANEOUS FEES			
1.	Extension of validity period of approval		1 185.00
2.	Certificates:		
	(a) Zoning certificate	Per certificate	144.00
	(b) Any other certificate	Per certificate	144.00
3.	Public hearing and inspection		3 481.00
4.	Reason for decision of municipal planning tribunal, land development officer or appeal authority		1 769.00
5.	Re-issuing of any notice of approval of any application		257.00
6.	Deed search and copy of the title deed		163.00
7.	Public Notice:		
	(a) Public Notice and advertisements in the legal section of the paper		Applicant to Advertise
	(b) Public Notice and advertisements in the body of the paper		Applicant to Advertise
8.	Way leave application (application to determine where the Council's services are located or a specific area where new services are to be installed)		2 509.00
9.	Any other application not provided for elsewhere in this schedule of fees		3 481.00
COPIES			
1.	Spatial development framework:		
	(a) Hard copy	Per region	174.00
	(b) In electronic format	Per region	82.00
2.	Copy of Land Use Scheme or Town Planning Scheme (Scheme Book)		401.00
3.	Scheme Regulations	Per set	667.00

4.	Search fees	Per erf	27.00
5.	Diagrammed	Per diagrammed	27.00

Annexure is attached for the proposed new tariff increase.

1.6 OPERATING EXPENDITURE FRAMEWORK

The municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- Funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA;
- The balanced budget approach by limiting operating expenditure to the operating revenue;
- Strict adherence to the principle of "no budget allocations without a project implementation plan"; and
- Operational gains and efficiencies will be directed to funding the capital budget and other core services

The following table is a high level summary of the 2018/19 final budget and MTREF (classified by main type of operating expenditure)

Table 5 Summary of Operating Expenditure by standard classification framework

Expenditure By Type											
Employee related costs	2	-	-	-	54,367	58,968	58,968	58,968	72,661	77,674	82,917
Remuneration of councillors					5,875	6,891	6,891	6,891	7,173	7,668	8,186
Debt impairment	3				13,517	13,517	13,517	13,517	25,098	25,901	26,730
Depreciation & asset impairment	2	-	-	-	26,686	26,686	26,686	26,686	37,803	37,803	37,803
Finance charges					3,859	3,243	3,243	3,243	3,385	3,571	3,768
Bulk purchases	2	-	-	-	20,999	26,999	26,999	26,999	26,256	28,486	30,911
Other materials	8				-	-	-	-	3,957	4,184	4,424
Contracted services		-	-	-	27,503	22,915	22,915	22,915	28,178	28,053	29,564
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	-	35,175	37,668	37,668	37,668	34,490	36,251	38,245
Loss on disposal of PPE											
Total Expenditure		-	-	-	187,981	196,887	196,887	196,887	239,002	249,592	262,546

Explanatory Notes:

Employee Costs

The budgeted allocation for employee related costs for the 2018/19 financial year totals R72.7 million, which equals 30 per cent of the total operating expenditure and it is within the norm of 25- 40 per cent. The employee cost has been incremented by 7 per cent despite the collective agreement not been finalised as negotiations have hit a deadlock. It should be noted that this cost has been budgeted on municipal Grade 3 as pronounced by SALGA. An annual increase of CPI + 1 per cent has been included in the two outer years of the MTREF.

Remuneration of Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative 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 municipal budget.

Debt Impairment

The provision of debt impairment for the 2018/19 financial year equates to R25.1 million based previous financial years AFS and total income anticipated on outstanding debtors taking into consideration the collection rate. 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 and Impairment

Provision for depreciation and asset impairment has been informed by the Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R37.8 million for the 2018/19 financial year based on 2017 final budget, AFS and new assets to be acquired in the 2018/19 financial year.

Bulk Purchases

Bulk purchases are directly informed by the purchase of electricity from Eskom and Water Affairs. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. NERSA has advised municipality to increase bulk electricity by 7.32 per cent and this has been factored into the budget.

Finance Charges

Finance charges consist primarily of the repayment of interest on outstanding creditors, interest on unwinding landfill and interest on leases. Finance charges amount to R3.4 million for the 2018/19 financial year. It should be noted that municipalities are encouraged to maintain and meet their obligations to creditors within the prescribed timeframes. This area of expenditure should be monitored and avoided at all costs.

Contracted Services

Contracted services have a rapid increase as a result of mSCOA segment classification. This is in line with Treasury's requirement for reporting. Majority of repairs and maintenance projects have been linked to contracted service item as per SCOA segment reporting.

Other Expenditure

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. This results from budgeting for all repayments thus decreasing our creditor thus ensuring sound financial management in the future.

1.7 CAPITAL EXPENDITURE

The Municipal Capital Budget is R107.1 million. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Project Title	Total Budgeted Capex-2018/19
Upgrading of Valencia Bulk Water Supply	2,892,238.74
Upgrading of Paterson Waste Water Treatment Works	1,000,000.00
Augmentation of Bulk and Distribution of Water Infrastructure to the Villages of Enon and Bersheba	3,000,000.00
Rehabilitation of Bulk Pipeline in Kirkwood, Enon Bersheba, Addo & Paterson (Feasibility Study)	374,761.26
Upgrading of Sewerage Network in Addo	4,818,450.00
Upgrading of Sewerage Network in Paterson - Phase 1	4,818,450.00
Upgrading of Roads & Stormwater in Enon and Bersheba - Phase 1	7,000,000.00
Small Town Revitalization	37,320,000.00
Electricity Stabilization	16,731,000.00

Transport Assets	600,000.00
Office Furniture and Equipment	1,830,000.00
Computer Equipment	1,000,000.00
Community Assets	2,000,000.00
Machinery	750,000.00
Intangible	3,400,000.00
Building	1,455,000.00
Finance lease asset	14,297,366.72
Infrastructure	3,800,000.00

Total value of new assets to be acquired represent 11 per cent or R14.3 million of the total capital budget while asset renewal equates to 76 per cent or R81 million and borrowed assets represent 13 per cent of the capital budget.

Table A1- Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	-	35,771	46,486	46,486	46,486	48,950	51,593	54,431
Service charges	-	-	-	33,901	48,664	48,664	48,664	45,196	47,872	50,848
Investment revenue	-	-	-	1,653	1,750	1,750	1,750	1,843	1,942	2,049
Transfers recognised - operational	-	-	-	71,843	71,984	71,984	71,984	94,751	97,707	109,361
Other own revenue	-	-	-	20,248	15,165	15,165	15,165	17,727	18,700	19,738
Total Revenue (excluding capital transfers and contributions)	-	-	-	163,416	184,049	184,049	184,049	208,467	217,813	236,427
Employee costs	-	-	-	54,367	58,968	58,968	58,968	72,661	77,674	82,917
Remuneration of councillors	-	-	-	5,875	6,891	6,891	6,891	7,173	7,668	8,186
Depreciation & asset impairment	-	-	-	26,686	26,686	26,686	26,686	37,803	37,803	37,803
Finance charges	-	-	-	3,859	3,243	3,243	3,243	3,385	3,571	3,768
Materials and bulk purchases	-	-	-	20,999	26,999	26,999	26,999	30,212	32,670	35,334
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	76,195	74,099	74,099	74,099	87,766	90,206	94,538
Total Expenditure	-	-	-	187,981	196,887	196,887	196,887	239,002	249,592	262,546
Surplus/(Deficit)	-	-	-	(24,565)	(12,838)	(12,838)	(12,838)	(30,535)	(31,779)	(26,120)
Transfers and subsidies - capital (monetary alloc	-	-	-	69,406	69,500	69,500	69,500	62,482	43,420	34,121
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	44,841	56,662	56,662	56,662	31,947	11,641	8,001
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	44,841	56,662	56,662	56,662	31,947	11,641	8,001
Capital expenditure & funds sources										
Capital expenditure	-	-	-	78,155	76,917	76,917	76,917	107,087	54,939	33,778
Transfers recognised - capital	-	-	-	70,939	68,126	68,126	68,126	77,955	54,939	48,778
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	14,297	-	-
Internally generated funds	-	-	-	7,216	8,791	8,791	8,791	14,835	-	-
Total sources of capital funds	-	-	-	78,155	76,917	76,917	76,917	107,087	54,939	48,778
Financial position										
Total current assets	-	-	-	76,475	76,355	76,355	76,355	83,378	78,378	76,209
Total non current assets	-	-	-	584,490	624,777	624,777	624,777	665,403	683,148	694,573
Total current liabilities	-	-	-	30,055	30,267	30,267	30,267	30,270	23,402	20,080
Total non current liabilities	-	-	-	16,508	18,386	18,386	18,386	32,401	29,828	26,926
Community wealth/Equity	-	-	-	614,402	652,480	652,480	652,480	686,110	708,295	723,776
Cash flows										
Net cash from (used) operating	-	-	-	79,488	73,663	73,663	73,663	111,563	58,891	53,486
Net cash from (used) investing	-	-	-	(78,155)	(71,082)	(71,082)	(71,082)	(107,087)	(54,939)	(48,778)
Net cash from (used) financing	-	-	-	(397)	(1,786)	(1,786)	(1,786)	(4,596)	(4,596)	(4,596)
Cash/cash equivalents at the year end	-	-	-	2,162	2,022	2,022	2,022	1,890	1,246	1,358

Table A2- Budgeted Financial Performance(revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional	1									
Governance and administration		-	-	-	70,189	76,713	76,713	81,207	86,960	93,101
Executive and council		-	-	-	11,620	6,798	6,798	7,524	8,123	8,763
Finance and administration		-	-	-	58,569	69,915	69,915	73,683	78,837	84,338
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	9,117	9,937	9,937	9,803	10,822	11,858
Community and social services		-	-	-	8,534	9,369	9,369	9,803	10,822	11,858
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	583	568	568	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	52,997	60,253	60,253	67,288	47,181	32,957
Planning and development		-	-	-	4,987	5,125	5,125	5,610	6,074	6,620
Road transport		-	-	-	48,010	55,128	55,128	61,679	41,107	26,336
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	99,195	105,337	105,337	111,162	114,634	130,835
Energy sources		-	-	-	35,577	39,568	39,568	40,772	38,620	43,844
Water management		-	-	-	35,687	32,728	32,728	26,017	26,525	47,855
Waste water management		-	-	-	16,848	20,410	20,410	24,041	27,572	15,500
Waste management		-	-	-	11,083	12,631	12,631	20,332	21,916	23,636
Other	4	-	-	-	1,324	1,309	1,309	1,489	1,636	1,797
Total Revenue - Functional	2	-	-	-	232,822	253,549	253,549	270,949	261,233	270,548
Expenditure - Functional										
Governance and administration		-	-	-	69,020	70,520	70,520	87,445	91,437	96,428
Executive and council		-	-	-	15,091	14,438	14,438	15,879	16,915	18,003
Finance and administration		-	-	-	53,929	56,082	56,082	71,566	74,522	78,425
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	12,016	12,387	12,387	17,033	16,768	17,851
Community and social services		-	-	-	7,941	8,693	8,693	13,072	12,867	13,700
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	3,187	2,999	2,999	3,337	3,236	3,445
Housing		-	-	-	888	695	695	624	665	707
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	26,220	24,931	24,931	31,859	33,919	35,559
Planning and development		-	-	-	6,759	6,018	6,018	7,828	8,859	9,421
Road transport		-	-	-	19,460	18,913	18,913	24,031	25,060	26,138
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	79,563	88,111	88,111	101,172	105,881	111,021
Energy sources		-	-	-	27,654	30,173	30,173	29,876	31,520	33,272
Water management		-	-	-	29,465	32,678	32,678	40,670	42,771	45,152
Waste water management		-	-	-	12,759	14,616	14,616	14,582	15,030	15,498
Waste management		-	-	-	9,685	10,644	10,644	16,045	16,560	17,099
Other	4	-	-	-	1,163	937	937	1,492	1,587	1,686
Total Expenditure - Functional	3	-	-	-	187,981	196,887	196,887	239,002	249,592	262,546
Surplus/(Deficit) for the year		-	-	-	44,841	56,662	56,662	31,947	11,641	8,001

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

EC106 Sundays River Valley - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - Mayor and Council		-	-	-	8,104	3,141	3,141	3,301	3,465	3,629
Vote 2 - Municipal Manager		-	-	-	7,219	7,359	7,359	8,446	9,316	10,269
Vote 3 - Finance		-	-	-	46,725	67,624	67,624	65,236	69,521	74,069
Vote 4 - Corporate Service		-	-	-	11,844	2,291	2,291	8,448	9,316	10,269
Vote 5 - Community Services		-	-	-	24,685	31,550	31,550	39,535	42,716	46,091
Vote 6 - Technical Service		-	-	-	134,245	141,584	141,584	145,984	126,899	126,221
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	232,822	253,549	253,549	270,949	261,233	270,548
Expenditure by Vote to be appropriated	1									
Vote 1 - Mayor and Council		-	-	-	8,604	10,264	10,264	9,859	10,516	11,205
Vote 2 - Municipal Manager		-	-	-	10,246	7,287	7,287	10,665	11,350	12,067
Vote 3 - Finance		-	-	-	39,762	41,063	41,063	52,462	54,298	57,014
Vote 4 - Corporate Service		-	-	-	14,167	15,039	15,039	19,104	20,224	21,412
Vote 5 - Community Services		-	-	-	30,937	32,279	32,279	45,448	46,470	48,899
Vote 6 - Technical Service		-	-	-	84,265	90,955	90,955	101,464	106,735	111,949
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	187,981	196,887	196,887	239,002	249,592	262,546
Surplus/(Deficit) for the year	2	-	-	-	44,841	56,662	56,662	31,947	11,641	8,001

Table A4- Budgeted Financial Performance (revenue and expenditure)

EC106 Sundays River Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	-	-	-	35,771	46,486	46,486	46,486	48,950	51,593	54,431
Service charges - electricity revenue	2	-	-	-	15,237	21,213	21,213	21,213	16,290	17,405	18,705
Service charges - water revenue	2	-	-	-	10,653	13,359	13,359	13,359	14,067	14,826	15,642
Service charges - sanitation revenue	2	-	-	-	2,644	5,519	5,519	5,519	5,812	6,126	6,463
Service charges - refuse revenue	2	-	-	-	5,367	8,573	8,573	8,573	9,027	9,515	10,038
Service charges - other											
Rental of facilities and equipment					36	335	335	335	68	70	73
Interest earned - external investments					1,653	1,750	1,750	1,750	1,843	1,942	2,049
Interest earned - outstanding debtors					11,090	6,401	6,401	6,401	9,126	9,619	10,148
Dividends received											
Fines, penalties and forfeits					3,172	3,166	3,166	3,166	3,169	3,343	3,527
Licences and permits					2,680	1,801	1,801	1,801	1,946	2,051	2,164
Agency services					2,715	2,715	2,715	2,715	2,859	3,013	3,179
Transfers and subsidies					71,843	71,984	71,984	71,984	94,751	97,707	109,361
Other revenue	2	-	-	-	556	748	748	748	559	603	648
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		-	-	-	163,416	184,049	184,049	184,049	208,467	217,813	236,427
Expenditure By Type											
Employee related costs	2	-	-	-	54,367	58,968	58,968	58,968	72,661	77,674	82,917
Remuneration of councillors					5,875	6,891	6,891	6,891	7,173	7,668	8,186
Debt impairment	3				13,517	13,517	13,517	13,517	25,098	25,901	26,730
Depreciation & asset impairment	2	-	-	-	26,686	26,686	26,686	26,686	37,803	37,803	37,803
Finance charges					3,859	3,243	3,243	3,243	3,385	3,571	3,768
Bulk purchases	2	-	-	-	20,999	26,999	26,999	26,999	26,256	28,486	30,911
Other materials	8				-	-	-	-	3,957	4,184	4,424
Contracted services					27,503	22,915	22,915	22,915	28,178	28,053	29,564
Transfers and subsidies					-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	-	35,175	37,668	37,668	37,668	34,490	36,251	38,245
Loss on disposal of PPE											
Total Expenditure		-	-	-	187,981	196,887	196,887	196,887	239,002	249,592	262,546
Surplus/(Deficit)		-	-	-	(24,565)	(12,838)	(12,838)	(12,838)	(30,535)	(31,779)	(26,120)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					69,406	69,500	69,500	69,500	62,482	43,420	34,121
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		-	-	-	44,841	56,662	56,662	56,662	31,947	11,641	8,001
Taxation											
Surplus/(Deficit) after taxation		-	-	-	44,841	56,662	56,662	56,662	31,947	11,641	8,001
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		-	-	-	44,841	56,662	56,662	56,662	31,947	11,641	8,001
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		-	-	-	44,841	56,662	56,662	56,662	31,947	11,641	8,001

Table A5- Budgeted Capital Expenditure

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EC106 Sundays River Valley - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Mayor and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Service		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Service		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Mayor and Council		-	-	-	530	860	860	860	915	-	-
Vote 2 - Municipal Manager		-	-	-	239	159	159	159	850	-	-
Vote 3 - Finance		-	-	-	320	230	230	230	550	-	-
Vote 4 - Corporate Service		-	-	-	1,600	2,485	2,485	2,485	4,950	-	-
Vote 5 - Community Services		-	-	-	4,527	3,512	3,512	3,512	7,842	-	-
Vote 6 - Technical Service		-	-	-	70,939	69,670	69,670	69,670	91,980	54,939	48,778
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	78,155	76,917	76,917	76,917	107,087	54,939	48,778
Total Capital Expenditure - Vote		-	-	-	78,155	76,917	76,917	76,917	107,087	54,939	48,778
Capital Expenditure - Functional											
Governance and administration		-	-	-	2,689	3,734	3,734	3,734	7,265	-	-
Executive and council					629	1,019	1,019	1,019	1,765		
Finance and administration					1,920	2,715	2,715	2,715	5,500		
Internal audit					140						
Community and public safety		-	-	-	2,527	2,862	2,862	2,862	5,303	-	-
Community and social services					1,400	2,862	2,862	2,862	2,640		
Sport and recreation											
Public safety					1,127				2,663		
Housing											
Health											
Economic and environmental services		-	-	-	37,629	40,323	40,323	40,323	52,995	23,448	7,265
Planning and development									340		
Road transport					37,629	40,323	40,323	40,323	52,655	23,448	7,265
Environmental protection											
Trading services		-	-	-	35,310	29,997	29,997	29,997	41,525	31,492	26,513
Energy sources					15,696	14,700	14,700	14,700	18,066	12,800	16,000
Water management					13,146	8,455	8,455	8,455	6,917	5,529	(4,487)
Waste water management					4,468	6,192	6,192	6,192	14,002	13,163	15,000
Waste management					2,000	650	650	650	2,540		
Other											
Total Capital Expenditure - Functional	3	-	-	-	78,155	76,917	76,917	76,917	107,087	54,939	33,778
Funded by:											
National Government					41,439	38,606	38,606	38,606	40,635	37,131	41,513
Provincial Government					29,500	29,500	29,500	29,500	37,320	17,808	7,265
District Municipality						20	20	20			
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	70,939	68,126	68,126	68,126	77,955	54,939	48,778
Public contributions & donations	5										
Borrowing	6								14,297		
Internally generated funds					7,216	8,791	8,791	8,791	14,835		
Total Capital Funding	7	-	-	-	78,155	76,917	76,917	76,917	107,087	54,939	48,778

Table A6- Budgeted Financial Position

EC106 Sundays River Valley - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS											
Current assets											
Cash					2,162	2,022	2,022	2,022	1,890	1,246	1,357
Call investment deposits	1	-	-	-	21,250	21,250	21,250	21,250	19,383	21,418	23,667
Consumer debtors	1	-	-	-	52,829	52,829	52,829	52,829	61,835	55,418	50,901
Other debtors											
Current portion of long-term receivables											
Inventory	2				234	255	255	255	270	296	283
Total current assets		-	-	-	76,475	76,355	76,355	76,355	83,378	78,378	76,209
Non current assets											
Long-term receivables											
Investments											
Investment property					31,213	29,250	29,250	29,250	29,250	29,250	29,250
Investment in Associate											
Property, plant and equipment	3	-	-	-	550,281	592,209	592,209	592,209	633,993	651,129	662,104
Agricultural											
Biological											
Intangible					2,996	2,996	2,996	2,996	1,838	2,446	2,896
Other non-current assets						322	322	322	322	322	322
Total non current assets		-	-	-	584,490	624,777	624,777	624,777	665,403	683,148	694,573
TOTAL ASSETS		-	-	-	660,965	701,132	701,132	701,132	748,781	761,526	770,782
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	397	609	609	609	4,596	4,596	4,596
Consumer deposits									56	56	56
Trade and other payables	4	-	-	-	29,658	29,658	29,658	29,658	25,618	18,750	15,428
Provisions											
Total current liabilities		-	-	-	30,055	30,267	30,267	30,267	30,270	23,402	20,080
Non current liabilities											
Borrowing		-	-	-	-	1,834	1,834	1,834	14,054	10,658	7,262
Provisions		-	-	-	16,508	16,552	16,552	16,552	18,347	19,170	19,664
Total non current liabilities		-	-	-	16,508	18,386	18,386	18,386	32,401	29,828	26,926
TOTAL LIABILITIES		-	-	-	46,563	48,652	48,652	48,652	62,672	53,231	47,007
NET ASSETS	5	-	-	-	614,402	652,480	652,480	652,480	686,110	708,295	723,776
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4				614,402	652,480	652,480	652,480	686,110	708,295	723,776
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	614,402	652,480	652,480	652,480	686,110	708,295	723,776

Table A7- Budgeted Cash flow

EC106 Sundays River Valley - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates					22,536	30,589	30,589	30,589	32,210	33,949	35,816
Service charges					15,043	20,590	20,590	20,590	21,957	23,463	25,081
Other revenue					25,126	178,403	178,403	178,403	74,475	44,181	43,152
Government - operating	1				71,844	71,843	71,843	71,843	94,751	97,707	109,361
Government - capital	1				69,406	69,406	69,406	69,406	62,482	43,420	34,121
Interest					4,238	3,659	3,659	3,659	3,752	3,852	3,959
Dividends											
Payments											
Suppliers and employees					(127,048)	(299,612)	(299,612)	(299,612)	(176,616)	(187,681)	(198,003)
Finance charges					(1,657)	(1,216)	(1,216)	(1,216)	(1,449)		
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	79,488	73,663	73,663	73,663	111,563	58,891	53,486
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE					-						
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
Payments											
Capital assets					(78,155)	(71,082)	(71,082)	(71,082)	(107,087)	(54,939)	(48,778)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	(78,155)	(71,082)	(71,082)	(71,082)	(107,087)	(54,939)	(48,778)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing					(397)	(1,786)	(1,786)	(1,786)	(4,596)	(4,596)	(4,596)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	(397)	(1,786)	(1,786)	(1,786)	(4,596)	(4,596)	(4,596)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2				936	796	796	796	(120)	(644)	112
Cash/cash equivalents at the year end:	2				1,226	1,226	1,226	1,226	2,010	1,890	1,246
					2,162	2,022	2,022	2,022	1,890	1,246	1,358

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

The Annual Budget process outlines the current and future direction that our Municipality would follow in order to provide services in a sustainable manner. The budget process enables Council to optimally involve residents and other stakeholders in the preparing of the budget. 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 a time schedule that sets out the process to revise the IDP and prepare the budget

The 2018/19 MTREF Budget preparation commenced in August 2017 after Council approved a timetable for the IDP and Budget preparation process. The process plan provides broad timeframes for the IDP and Budget preparation process and the main aim of the process plan is to ensure integration between the IDP and Budget and the adoption of a well-balanced and credible budget.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA). Sections 1.8 and 1.9, present an overview of the Operating and Capital Budgets respectively, with high level tables, which provide an overall picture of the Municipality's finances.

Section 53(1)(a) of the Municipal Finance Management Act determines that the Mayor must provide general political guidance over the budgetary process and the priorities that must guide the preparation of the budget, while Section 21(1) of the Municipal Finance Management Act states that the Mayor of a Municipality must co-ordinate the processes for preparing the annual budget and for reviewing the Municipality's Integrated Development Plan and Budget related policies, to ensure that the tabled budget and any revisions of the Integrated Development Plan and Budget related policies are credible.

The Budget Steering Committee has been established and is functional. It discusses all budget related activities to ensure that all legislative requirements are adhered to and that a well-balanced and realistic budget is approved

Budget meetings were held with all departments with the commencement of the budget process to review the 2017/18 budget and to discuss past performance trends of the operating budget. During these meetings the alignment of the IDP and Budget was discussed as well as the 2018/19 budget realities to ensure that critical service delivery needs are budgeted for

One of the objectives of the budget timetable is to ensure integration between the development of the Integrated Development Plan (IDP) and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives. Table 1 illustrates the link between the IDP and Budget.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

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

The IDP provides a five year strategic program aimed at setting short, medium and long-term strategic and budget priorities. The Plan aligns the resources and the capacity of a Municipality to its development goals and guides the Municipal Budget. As part of the alignment process extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability

The following factors have been taken into account during this process:

- IDP priorities and strategic objectives
- Economic climate and trends
- Councils cash flow situation
- Current debtors payment levels
- Tariff increase versus affordability.
- Improved and sustainable service delivery

The budgetary allocations for both the capital and operating expenditure are determined in a manner that will not only ensure that the outcomes of the IDP are achieved but also to ensure that Council's vision is realized.

The Performance Management System (PMS) which is aligned with the IDP and Budget also allows Council an opportunity to monitor and evaluate the organizational performance as well as individual performances of Directors and Managers to ensure that the IDP outcomes and vision of Council are met. Sundays River Valley Municipality utilizes the SDBIP as a performance monitoring and evaluation tool. Quarterly performance reports are submitted to Council detailing progress with the implementation of the IDP.

Priorities identified during the IDP process review have been also aligned to National and Provincial priorities. Listed below are the key performance areas and can be summarised as follows against the

strategic objectives.

COMMUNITY AND SOCIAL SERVICES

- Communities have sufficient and affordable solid waste disposal options to encourage clean and healthy environment
- To ensure provision of water quality monitoring and food control
- To ensure the provision of effective and efficient fire and disaster management services throughout the SRVM
- To ensure provision of traffic services including improved revenue enhancement
- Communities of SRVM with specific reference to youth have access to suitable and affordable recreational and sport facilities as well as public amenities.

INSTITUTIONAL MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

- To ensure the municipality approves the organogram and fills vacancies
- Capacity building and empowerment programmes to ensure skills enhancement of staff.
- To ensure that the municipality has employment equity plan and that targets are met
- To ensure effective public participation of ward committees
- To optimise the information and communications technology(ICT) function to support organizational performance
- To enhance employee wellness through prevention and provision of therapeutic programmes and physical fitness
- To ensure effective and efficient records management

LOCAL ECONOMIC DEVELOPMENT

- Establishment of policy framework for LED
- To provide and invest in the economic infrastructure development in all wards by 2022
- To facilitate meaningful partnerships between government, business, community and labour sectors
- To strengthen the capacity of SMMEs and Increase the number of viable emerging businesses
- Promotion of at least 5 community development programmes
- To facilitate employment creation
-

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

- Annual review and development of IDP/Budget
- To enhance Council oversight
- Continuously ensure good customer care for SRVM's stakeholders
- To continuously cooperate in the provision of service delivery initiatives
- Mainstreaming of vulnerable groups in municipal programmes
- To ensure a fully functional Performance Management System
- To intensify HIV/AIDS awareness and education in SRVM
- To ensure all findings by the Auditors are addressed

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

- Ensure access and a continuous supply of good quality water and sanitation to each user by 2022
- SRVM Community has access to good quality roads built according to applicable standards
- To ensure compliant reporting in all respects of all grants
- Improved efficiency in municipal water usage
- Effective Town Planning administration within SRVM jurisdiction
- Upgrade electricity network for future development

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

- To produce financial reports that meet the requirements of National Treasury department
- To ensure compliant reporting in all respects of all grants
- To ensure a sustainable cash flow
- To ensure debt is managed sustainably
- To ensure proper procurement of goods and services in terms of chapter 11 of MFMA
- To ensure proper asset management
- Financial viability as expressed by ratios

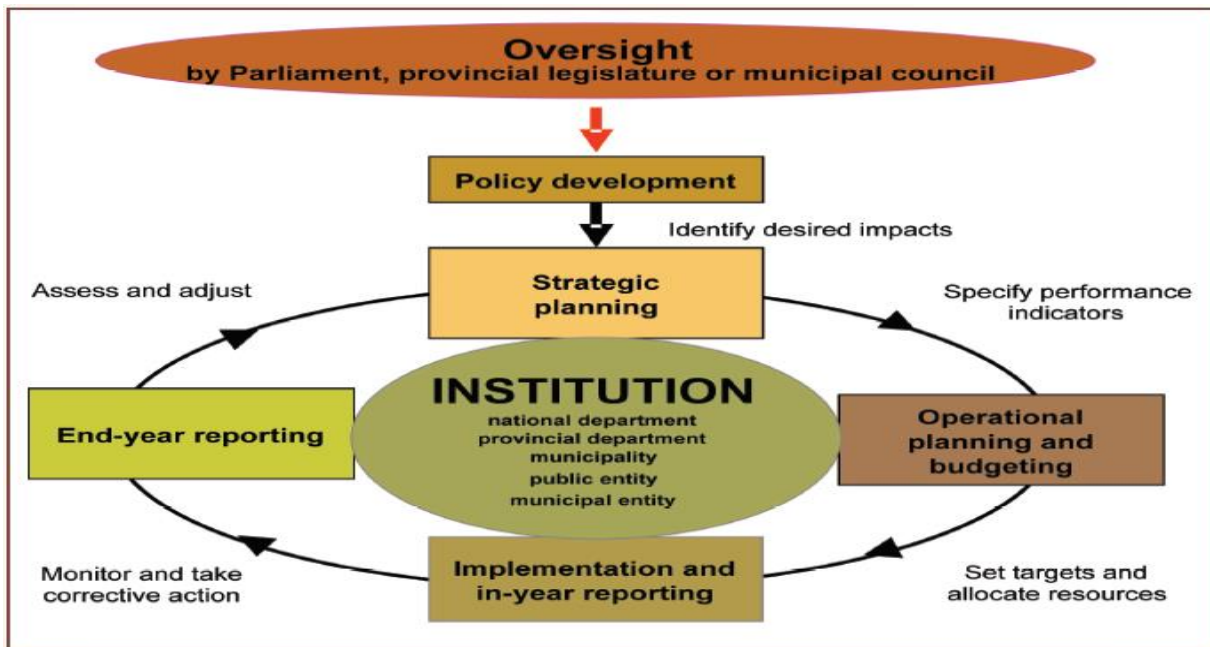
The 2018/19 MTREF has therefore been directly informed by the IDP revision process and the following tables (SA4- SA6) provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

2.3 MEASURABLE PERFORMANCE 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, Sundays River Valley 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:



The performance of Sundays River Valley 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. Sundays River Valley 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);

2.4 FINANCIAL MODELLING

As part of the compilation of the 2018/19 MTREF extensive financial modelling was undertaken to ensure affordability, credibility and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt)
- Performance trends
- The approved 2017/18 adjustments budget and performance against the SDBIP
- 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 91 has been taken into consideration in the planning and prioritisation process

2.5 FREE BASIC SERVICE

The municipality is currently working with ward committees, in terms of improving its Indigent register updates and Management of Indigent. Currently the municipality provides and has budgeted for the following benefits to registered indigent households:

- Electricity: A subsidy of fifty (50) Kilowatts of electricity per property per month to registered households will apply.
- Refuse Removal: A subsidy, not more than the applicable tariff for the 2018/19 financial year, will be applied for the duration of the financial year.
- Sanitation: A subsidy, not more than the applicable tariff for the 2018/19 financial year, will be applied for the duration of the financial year.
- Water: A subsidy of 6 Kilolitres of water per property per month to registered households will apply.

2.6 OVERVIEW OF BUDGET RELATED POLICIES

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

Review of credit control and debt collection procedures/policies

The credit control and debt collection policy as approved by Council in 2017 has been reviewed.

In addition emphasis has to be placed on speeding up the indigent registration approval by Council prior to the final 2018/19 Annual Budget and MTREF process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

This policy was reviewed and no changes have been made.

Asset Management Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. 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).

This policy was reviewed and no changes have been made.

Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in 2017 has been reviewed. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. Amendments are made in terms of National Treasury Regulations and changes within SCM

Proposed changes: This policy was reviewed and no changes have been made.

Tariff Policy

The Municipal Systems Act requires a municipality to have a tariff policy. One of the challenges in setting tariffs is ensuring affordable tariffs whilst maintaining financial stability.

The tariff policy tries to address this issue and creates a foundation for the principles that address social, economic and financial imperatives that the process of tariff setting should take into account.

Changes proposed: None

Rates policy

Sundays River Valley has adopted a rates policy which is line with legislative requirements. The policy became effective 01 July 2018.

The policy provides that properties be rated based on their market value. The valuation roll is still valid for one year.

Changes proposed: None

Indigent Policy

This policy was reviewed and approved during the 2018 financial year.

Sundays River Valley municipality is committed to ensure that all households have access to its services. Due to the fact that Sundays River Valley Municipality has a high level of unemployment and seasonal workers, the municipality decided to adopt an indigent policy. This policy will ensure that poor households have at least access to basic services.

Changes proposed: None

Banking and Investment policy

As custodians of public funds, the Council has an obligation to see to it that cash resources are managed as effectively as possible. Council has a responsibility to invest public funds with great care and are liable to the community in that regard.

The investment policy should be aimed at gaining the highest possible return without undue risk during those periods when funds are not needed. To bring this about, it is essential to have an effective cashflow management program.

Changes proposed: None

Policy on the writing off of irrecoverable debt

Despite strict enforcement of the credit control and indigent policies, Council will continuously be confronted by circumstances requiring the possible write-off of irrecoverable debt. To allow this the Credit Control Policy, inter alia, stipulated that:-

The Municipal Manager must establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality.

In addition, the policy further stipulates that:-

The purpose of this policy is to ensure that the principles and procedures for writing off irrecoverable debt are formalized.

Changes proposed: None

Financial management policy

This policy incorporates amongst others regulations relating to:

- General budgeting principles and processes
- Levying of tariffs, fees and charges

- Collection and control of income
- Operating expenditure
- Capital expenditure
- Creditors and payments
- Salaries & Wages
- Petty Cash
- Asset management
- Investments
- Risk management and Insurance
- Loans

It should be noted that these policies are being reviewed but have not been work shopped to Councillors accordingly.

2.7 BUDGET STRATEGY & ASSUMPTIONS

BUDGET STRATEGY

The following guidelines were used to compile the 2018/19 to 2020/21 Operating and Capital budgets:

- (a) That the annual increases for the 2018/19 to 2020/21 Final Operating Budget be limited to the following and be reviewed during the process, if considered necessary:
- The overall increase in operating expenditure is based on the projected CPIX of 5.3%.
 - The overall increase in employee related costs be aligned to latest proposal of SALGA although not finalised at 7 per cent and also accommodated the change
 - Bulk purchases increase as per ESKOM and NERSA guidelines of 7.32 %
 - Rates and tariff escalations be limited to 6%

Budget assumptions

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets in relation to the key strategic focus areas as determined in the IDP.

- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- An assessment of the relative capacity to implement the Budget.
- No budget allocation has been made to programmes and projects, unless the respective programme and project plans have been submitted by the relevant Directors.
- The need to enhance the municipality's revenue base.

2.8 FUNDING OF THE BUDGET

The budget is funded from two major sources:

- Realistic expected revenue from operations (Property rates and service charges)
- Grants and subsidies (cash backed allocations from government)

On-going issues requiring monitoring and evaluation

The municipality is closely monitoring certain issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid-term budget, the municipality will have to adjust its spending plans to maintain its financial position. Many of the items listed below could have major and permanent impacts on the operating budget, and would therefore require permanent increases in revenue, or reductions in other services. Consequently, they should be carefully monitored and evaluated:

- Maintenance backlogs in roads, electricity and municipal properties
- Staffing requirements and the impact on the personnel expenditure target;
- Acceptance and implementation of funded mandates; e.g. Disaster management and Library Services;
- Improving on current collection rates especially household debt
- Meter readings
- Debt collection and Credit control
- Distribution of Municipal accounts
- Expenditure Management

2.9 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Table 5- MBRR SA19- Expenditure on transfers and grant programme

EC106 Sundays River Valley - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants:										
National Government:		-	-	-	67,712	67,712	67,712	92,117	94,788	106,210
Local Government Equitable Share					65,367	65,367	65,367	71,971	79,108	86,898
EPWP Incentive					-	-	-	1,000		
Integrated National Electrification Programme					-	-	-	16,731	12,800	16,000
Finance Management					2,345	2,345	2,345	2,415	2,880	3,312
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	2,400	2,400	2,400	1,200	-	-
					1,200	1,200	1,200	1,200		
					1,200	1,200	1,200	-		
Audit Improvement, Library										
District Municipality:		-	-	-	1,872	1,872	1,872	1,434	1,578	1,736
Environmental Health					1,304	1,304	1,304	1,434	1,578	1,736
					568	568	568	-		
Other grant providers:		-	-	-	53	53	53	-	-	-
LGSETA					53	53	53	-	-	-
Total operating expenditure of Transfers and Grants		-	-	-	72,037	72,037	72,037	94,751	96,366	107,946
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	26,000	26,000	26,000	25,162	25,612	26,856
Municipal Infrastructure Grant (MIG)					26,000	26,000	26,000	25,162	25,612	26,856
INEP; EPWP										
Provincial Government:		-	-	-	29,500	29,500	29,500	37,320	17,808	7,265
Small Town Revitalization					29,500	29,500	29,500	37,320	17,808	7,265
District Municipality:		-	-	-	-	-	-	-	-	-
Environmental Health										
Other grant providers:		-	-	-	-	-	-	-	-	-
LGSETA										
Total capital expenditure of Transfers and Grants		-	-	-	55,500	55,500	55,500	62,482	43,420	34,121
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	127,537	127,537	127,537	157,233	139,786	142,067

2.10 COUNCILLOR AND EMPLOYEE BENEFITS

Table 7- MBRR SA22 - Summary of councillor and staff benefits

Table 8 - MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Table 11 MBRR SA29 - Budgeted monthly capital expenditure (functional classification)

EC106 Sundays River Valley - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		605	605	605	605	605	605	605	605	605	605	605	605	7,265	-	-
Executive and council		147	147	147	147	147	147	147	147	147	147	147	147	1,765	-	-
Finance and administration		458	458	458	458	458	458	458	458	458	458	458	458	5,500	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		442	442	442	442	442	442	442	442	442	442	442	442	5,303	-	-
Community and social services		220	220	220	220	220	220	220	220	220	220	220	220	2,640	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		222	222	222	222	222	222	222	222	222	222	222	222	2,663	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	52,995	23,448	7,265
Planning and development		28	28	28	28	28	28	28	28	28	28	28	28	340	-	-
Road transport		4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	52,655	23,448	7,265
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	41,525	31,492	26,513
Energy sources		1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	18,066	12,800	16,000
Water management		576	576	576	576	576	576	576	576	576	576	576	576	6,917	5,529	(4,487)
Waste water management		1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	14,002	13,163	15,000
Waste management		212	212	212	212	212	212	212	212	212	212	212	212	2,540	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	8,924	8,924	8,924	8,924	8,924	8,924	8,924	8,924	8,924	8,924	8,924	8,924	107,087	54,939	33,778
Funded by:																
National Government		3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	40,635	37,131	41,513
Provincial Government		3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	37,320	17,808	7,265
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		6,496	6,496	6,496	6,496	6,496	6,496	6,496	6,496	6,496	6,496	6,496	6,496	77,955	54,939	48,778
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		1,191	1,191	1,191	1,191	1,191	1,191	1,191	1,191	1,191	1,191	1,191	1,191	14,297	-	-
Internally generated funds		1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	14,835	-	-
Total Capital Funding		8,924	8,924	8,924	8,924	8,924	8,924	8,924	8,924	8,924	8,924	8,924	8,924	107,087	54,939	48,778

2.12 Contracts having future budgetary implications

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

2.13 Legislation compliance status

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

1. *In year reporting*

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. *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 Finance Department.

3. *Budget and Treasury Office*

The Budget and Treasury Office has been established in accordance with the MFMA.

4. *Audit Committee*

An Audit Committee has been established and is fully functional.

5. *Service Delivery and Implementation Plan*

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/19 MTREF in May 2018 directly aligned and informed by the 2018/19 MTREF.

6. *Annual Report*

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. *Policies*

An amendment of the Municipal Supply Chain Regulations and Municipal Property Rates Regulations as published, as prescribed in the Regulations have been complied with.

2.14 PROPOSED CASH CONTAINMENT STRATEGIES

INTRODUCTION

In the current economic world it is crucial for the organization to develop a strategy to minimize cost and achieve the desired results of the organization at the end.

Improved accountability and transparency can be realized through a more proactive and regular reporting of both cost containment activities and the results generated. The issues for concentration could be; security cost, cost of hiring equipment, catering cost, use of council vehicles, energy management.

Consultation with employees and also obtaining input from all affected stakeholders (business, ratepayers, etc) can be beneficial to cost containment plan.

Although some of the many cost saving measures have been implemented over years, it will assist to revisit them with the intention to improve.

Proper planning also may assist the municipality to contain cost.

AREAS FOR COST CONTAINMENT

2.1 Facilities

2.1.1 As far as possible encourages the use of council facilities for community meetings and staff meetings. This will mean a reduction in cost of hiring venues for meetings.

2.1.2 List of available council facilities for meetings be provided on council website for staff to know and book the facility with the responsible person.

2.1.3 Cease all non-essential and non-routine maintenance unless there are health and safety issues concerns.

2.1.4 Use own equipment and staff for the maintenance of services unless it is beyond the capacity of the municipality.

2.2 Security Cost

2.2.1 Fully utilize internal security staff to secure council property and fill all vacant positions for the unit to be effective.

2.2.2 Review the need for security personnel in council facilities during the day and at night. In some facilities an alarm system can be at night (at low cost) and a security guard during the day.

2.3 Cost of Hiring Plant and Equipment

2.3.1 Council spent lot of money hiring plant/equipment.

2.3.2 SCM/Asset must develop a register of items that are hired to monitor cost and identify those items that are hired on a regular basis. A plan be developed to acquire these items within 5 years.

2.3.3 Review cost of hiring compared to cost of purchasing and owning the equipment in the long term.

2.4 Catering Cost

2.4.1 Municipality to ensure no catering expenses incurred for meeting where only municipal officials are in attendance unless meeting is continuous for more than 5 hours

2.4.1 Minimize catering for meetings and consider providing light meal where possible with the intention to reduce cost.

2.4.2 All catering requests to be submitted to Chief Financial Officer for consideration and approval, subject to availability of funds.

2.4.3 The Chief Financial Officer submits to the Management Committee a list for consideration of which meetings should be permitted to have catering services.

2.5 Use of Council Vehicles

2.5.1 All employees who enjoy the benefit of taking council vehicle home after work must submit a motivation to Management Committee for review of the need for such benefit.

2.5.2 All new requests for employee to take council vehicle home after work must be submitted to Management Committee with a detailed motivation for consideration and approval.

2.5.3 A vehicle replacement programme must be developed to ensure that ageing fleet that is not cost effective to repair is replaced on time.

2.5.4 Employees that cause damage to council vehicle must be investigated and if found negligent disciplinary action must be taken and cost of repair be recovered from the employee.

2.5.5 Asset must keep a register of repairs to vehicles and where cost to repair are more than the net book value step to auction the vehicle in terms of council policy must be taken.

2.6 Stationery

2.6.1 Reduce the use of paper when communicating rather use electronic medium.

2.6.2 Agendas and Minutes to be distributed electronically.

2.6.3 Encourage council staff to receive their municipal bill via e-mail and phase this to the general public starting with businesses.

2.6.4 Use double sided copying, recycled paper etc.

2.7 Overtime

2.7.1 Encourage staff to take time off in lieu of overtime worked.

2.7.2 All planned overtime for each business unit for the month must be submitted to Management Committee for consideration and must be properly quantified.

2.7.3 Unplanned overtime must be reported to Management Committee monthly with reasons for working overtime.

2.8 Review Business Process

2.8.1 Review all business process with the intention to eliminate duplication of functions.

2.8.2 Combine business units or departments where there is duplication of functions to save time.

2.8.3 This will eliminate bottlenecks in the system.

2.8.4 Look at productivity of current staff members, work being undertaken by two people may be easily undertaken by one person.

2.9 Travel and Entertainment

2.9.1 Eliminate or reduce unnecessary long distance business travel or their numbers.

2.9.2 Set travel ban where applicable.

2.9.3 Use teleconferencing to participate in meeting rather than travelling.

2.9.4 Eliminate travel at peak times when fares are expensive.

2.9.5 Municipality must ensure it make use of the National Treasury Policy Framework for Travels and Subsistence

2.10 Use of Consultants

2.10.1 A needs analysis must be performed and report submitted to Management Committee before procurement

2.10.2 Monitoring tool must be developed to ensure effectiveness and efficiency

2.10.3 In SLA , skills transfer must be included to ensure that employees are capacitated to eliminate future procurement of services

2.10.4 Consultants appointed, including construction and infrastructure must be remunerated at rates equal to the following:

- determined in the "Guidelines on fees for audits done on behalf of the Auditor-General South Africa", issued by the South African Institute of Chartered Accountants (SAICA);
- set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA); or
- Prescribed by the body regulating the profession of the consultant.

2.10.5 Municipality must develop a consultancy reduction plan

2.11 Other Related Issues

2.11.1 Use of existing facilities and equipment should be encouraged when new employees appointed

2.11.2 Municipality must ensure energy saving measure are in place and staff made aware of their role with regard to this i.e. air-conditioning and lights in buildings are switched off at night and when offices are not in use.

2.11.3 Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones

2.11.4 Every effort must be made to recover debt from consumers before write-off. Municipality to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection

2.11.5 Accounting officer is advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated

The strategy must be reviewed on a regular basis based on agreed input from all stakeholders.

QUALITY CERTIFICATE

I, Sydney, Sakhekile, Fadi Municipal Manager of Sundays River Valley municipality, hereby certify that the Final annual budget 2018/19 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Final annual budget and supporting documentation are consistent with the Final Integrated Development Plan of the municipality.

S.S FADI

MUNICIPAL MANAGER OF SUNDAYS RIVER VALLEY MUNICIPALITY – EC106

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SIGNATURE

DATE: 1st June 2018