

ANNUAL BUDGET OF

# ELUNDINI LOCAL MUNICIPALITY



2018/2019 TO 2020/2021

## MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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- In the municipal buildings
- All public libraries within the municipality
- At [www.elundini.co.za](http://www.elundini.co.za)

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	GAMAP	Generally Accepted Municipal Accounting Practice
ASGISA	Accelerated and Shared Growth Initiative	GDP	Gross domestic product
BPC	Budget Planning Committee	GDS	Gauteng Growth and Development Strategy
CBD	Central Business District	GFS	Government Financial Statistics
CFO	Chief Financial Officer	GRAP	General Recognised Accounting Practice
CM	City Manager	HR	Human Resources
CPI	Consumer Price Index	HSRC	Human Science Research Council
CRRF	Capital Replacement Reserve Fund	IDP	Integrated Development Strategy
DBSA	Development Bank of South Africa	IT	Information Technology
DoRA	Division of Revenue Act	kℓ	kilolitre
DWA	Department of Water Affairs	km	kilometre
EE	Employment Equity	KPA	Key Performance Area
EEDSM	Energy Efficiency Demand Side Management	KPI	Key Performance Indicator
EM	Executive Mayor	kWh	kilowatt
FBS	Free basic services		

ℓ	litre	OHS	Occupational Health and Safety
LED	Local Economic Development	OP	Operational Plan
MEC	Member of the Executive Committee	PBO	Public Benefit Organisations
MFMA	Municipal Financial Management Act Programme	PHC	Provincial Health Care
MIG	Municipal Infrastructure Grant	PMS	Performance Management System
MMC	Member of Mayoral Committee	PPE	Property Plant and Equipment
MPRA	Municipal Properties Rates Act	PPP	Public Private Partnership
MSA	Municipal Systems Act	PTIS	Public Transport Infrastructure System
MTEF	Medium-term Expenditure Framework	RG	Restructuring Grant
MTREF	Medium-term Revenue and Expenditure Framework	RSC	Regional Services Council
NERSA	National Electricity Regulator South Africa	SALGA	South African Local Government Association
NGO	Non-Governmental organisations	SAPS	South African Police Service
NKPIs	National Key Performance Indicators	SDBIP	Service Delivery Budget Implementation Plan
		SMME	Small Micro and Medium Enterprises

# Part 1 – Annual Budget

## 1.1 Mayor's Report

In his Budget Speech to Parliament on 21 February 2018, the Minister of Finance said: We are once again at the crossroads. Tough choices have to be made to achieve the developmental outcomes we seek.

- Free higher education and training for poor and working class students will be funded
- Vat increase by 1%
- Economic growth is too slow, unemployment is far too high and many businesses and families are under stress.
- We face an uncertain and complex global environment.
- At the same time we face immense transformation challenges – we must overcome the inequalities and divisions of our society. All South Africans must share in a more prosperous future.
- Change is difficult, and often contested. In these tough times we draw strength from the resilience and the diverse capabilities of our people, our business sector, our unions and our social formations.
- Therefore Elundini municipality is not immune to what has been said above, within our limited resources as Elundini municipality we must strive to achieve excellence in changing people's lives.

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

The Municipality reaffirms its commitment to the achievement of the goals enshrined within the Integrated Development Plan, namely:

- Accelerate service delivery and infrastructure development
- Promote economic growth, environmental sustainability and creation of decent jobs
- To improve the effectiveness of governance administrative and financial systems

In the year ahead, the Municipality will further strengthen its capacity to implement the adopted Budget, so as to positively impact on the lives of residents.

The Council of Elundini is fully aware of service delivery backlog that has confronted our people over the years. The slow rate of economic growth, coupled with other competing demands has put additional strain to the national fiscus. Rural municipalities that rely on government grants are likely to suffer the most due to reductions in allocations from the national fiscus.

This budget has prioritized service delivery and is thus, responsive to the needs of our communities. Our communities has entrusted us with improving their lives over the next 5 year and our intention is to deliver to the best of our abilities. The following key priorities are highlighted:

- Our internal roads are an integral part of our economic development initiatives. R57.2 million has been appropriated towards roads infrastructure for the budget year. This allocation is R178.4 million over the MTREF;
- R38.2 million has been allocated through division of revenue for infrastructure projects;
- R4.7 million has also been appropriated towards electrification of some of our communities and this budget is likely to increase by R10.2 million over the MTREF. This is over and above the R25.6 million (R79.9 million over the MTREF) included in our operating budget that we have received from the Department of Energy in order to provide access to electricity in the rural villages
- R6.5 million has been allocated towards Free Basic Services in respect of electricity and refuse removal. Our municipal area is confronted with high levels of unemployment.

We continue to engage our stakeholders such as Human settlement, Health, Public Works and Education with the view to accelerated service delivery.

One of the biggest reform introduced by the National Treasury is the Municipal Standard Chart of Accounts (m-SCOA). This reform has changed the way we plan as municipalities. It is hoped that this reform will deliver on its intended objectives of stream-lining financial management and enhance planning and accountability.

I would also like to thank the community for their involvement during this budget process. My executive committee was also my pillar of strength throughout this process. Last, but not least, my gratitude goes to the Municipal Manager and his team for the undying support gave to us, the political leadership.

**COUNCILLOR N.LENGS**

**MARCH 2018**

## 1.2 Council Resolution

On 28 March 2018 the Mayor of Elundini Municipality will table the draft budget for 2018/2019, 2019/2020 and 2020/2021 financial year. The following resolutions will be taken:

1. The Council of Elundini Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2018/19 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table A6
    - 1.2.2. Budgeted Cash Flows as contained in Table A7
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8
    - 1.2.4. Asset management as contained in Table A9
    - 1.2.5. Basic service delivery measurement as contained in Table A10
2. The Council of Elundini Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018:
  - 2.1. the tariffs for property rates, electricity and solid waste – as set out on the tariff list attached.
3. The Council of Elundini Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018 the tariffs for other services, as set out in the tariff list attached.

### 1.3 Executive Summary

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

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The Municipality has embarked on implementing revenue enhancement strategy to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 91 was used to guide the compilation of the 2019/21 MTREF.

The main challenges experienced during the compilation of the 2019/21 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Inadequate resources to reduce roads and electricity infrastructure backlogs;
- The need to reprioritize 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 electricity (due to tariff increases from 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;
- Salary budget increases for municipal staff due to a critical need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the MTREF:

- The 2017/18 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 2018/19 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate 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 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;
- There's also a budget allocation set for the following items:
  - Special Projects;
  - Consultant Fees;
  - Furniture and office equipment;
  - Special Events;



- Refreshments and entertainment;
- Subsistence, Travelling & Conference fees (national & international).

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

**Table A1 Consolidated Overview of the 2017/18 MTREF**

<b>R thousand</b>	<b>Adjustments Budget 2017/18</b>	<b>Budget Year 2018/19</b>	<b>Budget Year 2019/20</b>	<b>Budget Year 2020/21</b>
Total Operating Revenue	326.4m	399.5	415.9	439.7
Total Operating Expenditure	229.5m	342.3	356.8	377.5
(Surplus)/Deficit	88.1m	57.2	59.0	62.1
Total Capital Expenditure	88.1m	57.2	59.0	62.1

Total operating revenue has grown by 18 per cent or R73.1 million for this financial year when compared to the previous financial year budgeted revenue. For the two outer years, operational revenue increased by 3 per cent and 5 per cent..

Total operating expenditure grown by 33% or R113 for the financial year when compared to previous financial year budgeted expenditure. For two outer years, operating expenditure increased by 4 per cent and 5 per cent. Operating expenditure has been appropriated at R342.3 million and translates into a budgeted surplus of R57.2 million. The operating surplus for the two outer years steadily increases to R59 million and then R62.1 million. These surpluses will be used to fund capital expenditure.

The capital programme increases to R59 million and R62 million in the outer years. A substantial portion of the capital budget will be funded from government grants from National and Provincial Treasury over the MTREF. The balance will be funded from internally generated funds.

## **1.4 Operating Revenue Framework**

In order for Elundini Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of 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, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2019/2021 MTREF (classified by main revenue source):

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

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
<b>Revenue By Source</b>											
Property rates	2	13 681	14 583	17 218	-	-	-	-	20 758	21 879	23 082
Service charges - electricity revenue	2	16 807	16 395	19 233	-	-	-	-	25 983	27 386	28 892
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 173	4 413	4 759	-	-	-	-	2 889	3 045	3 213
Service charges - other		1 552	-	23 992							
Rental of facilities and equipment		3 652	-	1 575					9 003	9 490	10 012
Interest earned - external investments		1 400	-	4 539					2 441	2 573	2 714
Interest earned - outstanding debtors		-	-	1 804					1 239	1 306	1 378
Dividends received		941	-	-					-	-	-
Fines, penalties and forfeits		1 865	-	472					385	406	428
Licences and permits		-	-	2 371					2 602	2 743	2 894
Agency services		157 496	-	-					-	-	-
Transfers and subsidies		-	-	152 226					173 245	198 515	211 456
Other revenue	2	3 349	-	1 308	-	-	-	-	122 334	109 193	114 190
Gains on disposal of PPE		151	-	-					426	449	473
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>203 067</b>	<b>35 390</b>	<b>229 497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>361 306</b>	<b>376 984</b>	<b>398 732</b>
<b>Expenditure By Type</b>											
Employee related costs	2	61 505	70 803	70 480	-	-	-	-	94 834	100 003	105 503
Remuneration of councillors		10 792	-	10 229					11 150	11 752	12 398
Debt impairment	3	6 133	-	9 185					9 477	9 989	10 538
Depreciation & asset impairment	2	30 834	26 843	26 956	-	-	-	-	51 242	54 009	56 980
Finance charges		907	-	1 205					56	59	62
Bulk purchases	2	15 059	19 065	21 295	-	-	-	-	26 098	27 508	29 021
Other materials	8	5 465	-	9 619					943	994	1 049
Contracted services		2 109	-	-	-	-	-	-	90 050	95 454	93 064
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	48 118	-	51 254	-	-	-	-	58 460	57 129	68 920
Loss on disposal of PPE		167	-	-							
<b>Total Expenditure</b>		<b>181 089</b>	<b>116 711</b>	<b>200 225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342 311</b>	<b>356 896</b>	<b>377 534</b>
<b>Surplus/(Deficit)</b>											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		21 978	(81 321)	29 272	-	-	-	-	18 996	20 087	21 197
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education)		33 235	-	41 386					38 207	38 948	40 997
Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
Taxation		-	-	-							
<b>Surplus/(Deficit) after taxation</b>		<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
Attributable to minorities		-	-	-							
<b>Surplus/(Deficit) attributable to municipality</b>		<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
Share of surplus/ (deficit) of associate	7	-	-	-							
<b>Surplus/(Deficit) for the year</b>		<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>

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.

Our total revenue mix comprises of revenue generated from rates and services charges which are Electricity and solid waste and other revenue derived from rentals, plant income investment income and others.

#### 1.4.1 Property rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

Revenue generated from Property Rates totals to R20.7 million for 2018/2019 financial year and has increased by 5.3% when compared with 2017/2018 original budget and it increases to R21.8 million and R23 million for the two outer years.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

## 1.4.2 Revenue from Services

### Electricity

Electricity and Solid waste services are the main revenue sources for the municipality.

Revenue generated from **Electricity** totals to R25.9 million for the budget year and increases to R27.3 million and R28.8 million for outer years. NERSA has announced the revised bulk electricity pricing structure. A 6.84 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2018.

Considering the Eskom increases, the consumer tariff had to be increased by 7.32 per cent to offset the additional bulk purchase cost from 1 July 2018. Furthermore, 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.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 50 kWh per 30-day period will receive 50 kWh free of charge.

Currently Electricity is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of Electricity function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

### Solid Waste

Revenue generated from **Solid waste** totals to R2.8 million for this financial year and increases to R3 million and R3.2 million for the two outer years. It must also be noted that an amount of free basic refuse has been reduced from the total revenue expected from refuse removal.

Both of these services are operating at a loss, the revenue derived from these services is unable to cover expenditure in relation to these services. It is important that the municipality should consider come up with a cost recovery strategy to ensure that they are cost reflective. Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case.

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

### **1.4.3 Other Revenue**

Other sources of revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, investment income and interest from debtors. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

### **1.4.5 Operating Grants**

Operating grants and transfers totals R173.2 million in the 2018/19 financial year and steadily increases to R198.5 million by 2019/20 and R211.4 million by 2019/2020. Note that the year-on-year growth for the 2017/18 financial year is 9 per cent and 12% per cent and 18 per cent for the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table SA18 Operating Transfers and Grant Receipts**

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
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		87 066	135 908	147 673	-	-	-	172 495	197 765	210 706
Local Government Equitable Share		84 626	132 110	129 070				138 382	149 117	160 009
Finance Management		1 550	1 600	1 625				1 700	1 700	1 700
Municipal Systems Improvement		890	930	930				-	-	-
EPWP Incentive			1 268	1 548				1 777	-	-
Integrated National Electrification Programme				14 500				25 636	38 948	40 997
Energy Efficiency and Demand Management								5 000	8 000	8 000
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		656	656	750	-	-	-	750	750	750
Sport and Recreation		656	656	750				750	750	750
Other transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	87 722	136 564	148 423	-	-	-	173 245	198 515	211 456

#### 1.4.6 Tariff-Setting

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

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

The table below indicates the tariffs increases as per circular No. 91 and Nersa guidelines in tariff determination.

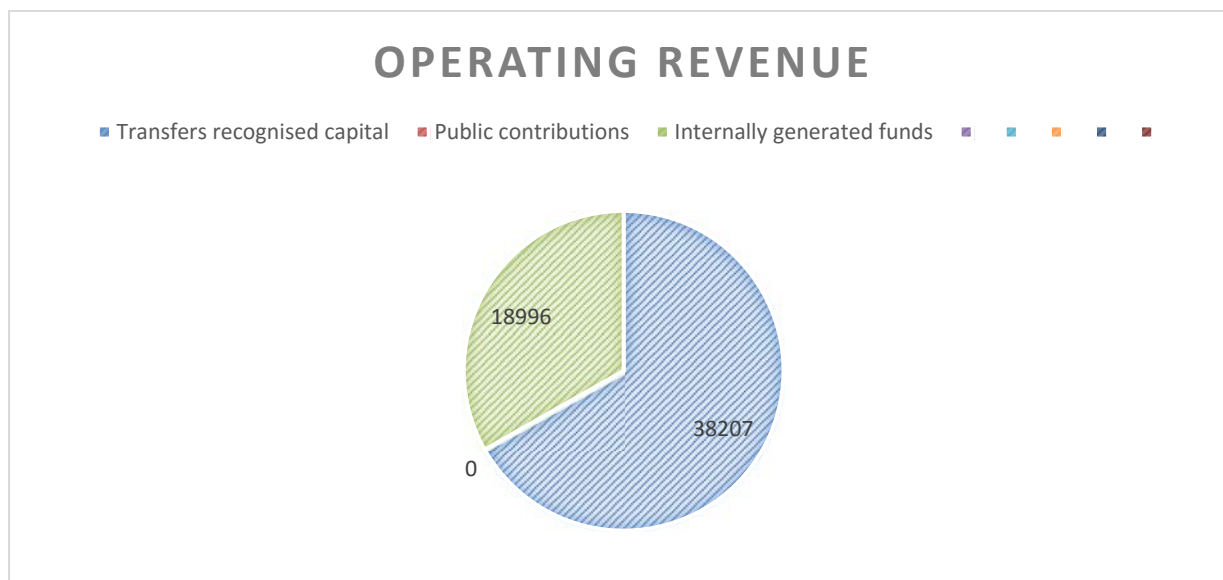
Category	2017/2018 Budget Year	2018/2019 Budget Year	2019/2020 Budget Year	2020/2021 Budget Year
<b>Property Rates</b>	6.4%	5.3%	5.4%	5.5%
<b>Electricity</b>	1.88%	6.84%	5.4%	5.5%
<b>Solid waste</b>	6.4%	5.3%	5.4%	5.5%

The following table compares **Solid Waste's** current and proposed amounts payable from 1 July 2018 with previous year's tariffs:

<b>Refuse Removal - Per Month</b>	<b>2017/2018</b>	<b>2018/2019</b>
Households	R105.80	R 112.57
Business	R220.00	R 223.44
Townships	R43.50	R 46.38
Loads per removal Business & Refuse garden	R319.73	R 340.20
Building Rubble per Load	R592.09	R 629.99
Use of refuse site where the public off load refuse - Price is per cubic meter( Prepaid Coupon)	R28.78	R 30.62
Illegal Dumping- Fine	R3 836.80	R 4 082.36

Electricity's current and proposed amounts that will be payable from 1 July 2018 are detailed on the tariff list which will be approved as the budget related document.

The following graph gives a breakdown of the main revenue sources for the current financial year.



#### **1.4.7 Overall impact of tariff increases on households**

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.

### **1.5 Operating Expenditure Framework**

The municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- 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 renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

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

#### **Table A4 Summary of operating expenditure by standard classification item**



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
<b>Revenue By Source</b>											
Property rates	2	13 681	14 583	17 218	-	-	-	-	20 758	21 879	23 082
Service charges - electricity revenue	2	16 807	16 395	19 233	-	-	-	-	25 983	27 386	28 892
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 173	4 413	4 759	-	-	-	-	2 889	3 045	3 213
Service charges - other		1 552	-	23 992							
Rental of facilities and equipment		3 652	-	1 575					9 003	9 490	10 012
Interest earned - external investments		1 400	-	4 539					2 441	2 573	2 714
Interest earned - outstanding debtors		-	-	1 804					1 239	1 306	1 378
Dividends received		941	-	-					-	-	-
Fines, penalties and forfeits		1 865	-	472					385	406	428
Licences and permits		-	-	2 371					2 602	2 743	2 894
Agency services		157 496	-	-					-	-	-
Transfers and subsidies		-	-	152 226					173 245	198 515	211 456
Other revenue	2	3 349	-	1 308	-	-	-	-	122 334	109 193	114 190
Gains on disposal of PPE		151	-	-					426	449	473
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>203 067</b>	<b>35 390</b>	<b>229 497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>361 306</b>	<b>376 984</b>	<b>398 732</b>
<b>Expenditure By Type</b>											
Employee related costs	2	61 505	70 803	70 480	-	-	-	-	94 834	100 003	105 503
Remuneration of councillors		10 792	-	10 229					11 150	11 752	12 398
Debt impairment	3	6 133	-	9 185					9 477	9 989	10 538
Depreciation & asset impairment	2	30 834	26 843	26 956	-	-	-	-	51 242	54 009	56 980
Finance charges		907	-	1 205					56	59	62
Bulk purchases	2	15 059	19 065	21 295	-	-	-	-	26 098	27 508	29 021
Other materials	8	5 465	-	9 619					943	994	1 049
Contracted services		2 109	-	-	-	-	-	-	90 050	95 454	93 064
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	48 118	-	51 254	-	-	-	-	58 460	57 129	68 920
Loss on disposal of PPE		167	-	-							
<b>Total Expenditure</b>		<b>181 089</b>	<b>116 711</b>	<b>200 225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342 311</b>	<b>356 896</b>	<b>377 534</b>
<b>Surplus/(Deficit)</b>		<b>21 978</b>	<b>(81 321)</b>	<b>29 272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 996</b>	<b>20 087</b>	<b>21 197</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		33 235	-	41 386					38 207	38 948	40 997
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education Institutions)		-	-	-					-	-	-
Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>

### 1.5.1 Employee Related Costs

The budgeted allocation for employee related costs for the 2018/19 financial year totals R94.8 million, which equals 28 per cent of the total operating expenditure. A three year collective SALGBC agreement, salary increases has come to an end and at this stage there is no guideline in terms of salary increase therefore a CPI increase of 5.3 % has been factored into the budget.

As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized upwards. As part of the planning assumptions and interventions all vacancies were originally included from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality.

### **1.5.2 Remuneration of Councilors**

The cost associated with the remuneration of councilors 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 Municipality's budget. Budget appropriation in this regard totals to R11.1 million and equates to 3 percent of the total operating expenditure.

### **1.5.3 Debt impairment Provision**

The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the municipality. For the budget year this amount equates to R9.4 million and equates to 3% of the total operating expenditure and escalates to R9.9 and R10.5 million for the two outer 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.

### **1.5.4 Depreciation Provision**

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R51.2 million for the budget year financial and equates to 15 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a higher increase in depreciation relative to previous years.

### **1.5.5 Bulk purchases**

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Budget appropriations in this regard total to R26 million for the budget year and equates to 8 percent, the expenditure includes distribution losses.

### **1.5.6 Other Material**

Other materials comprises of amongst others the maintenance of roads, materials for maintenance and the provision equates to .27 percent of the total operating expenditure. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipality's infrastructure.

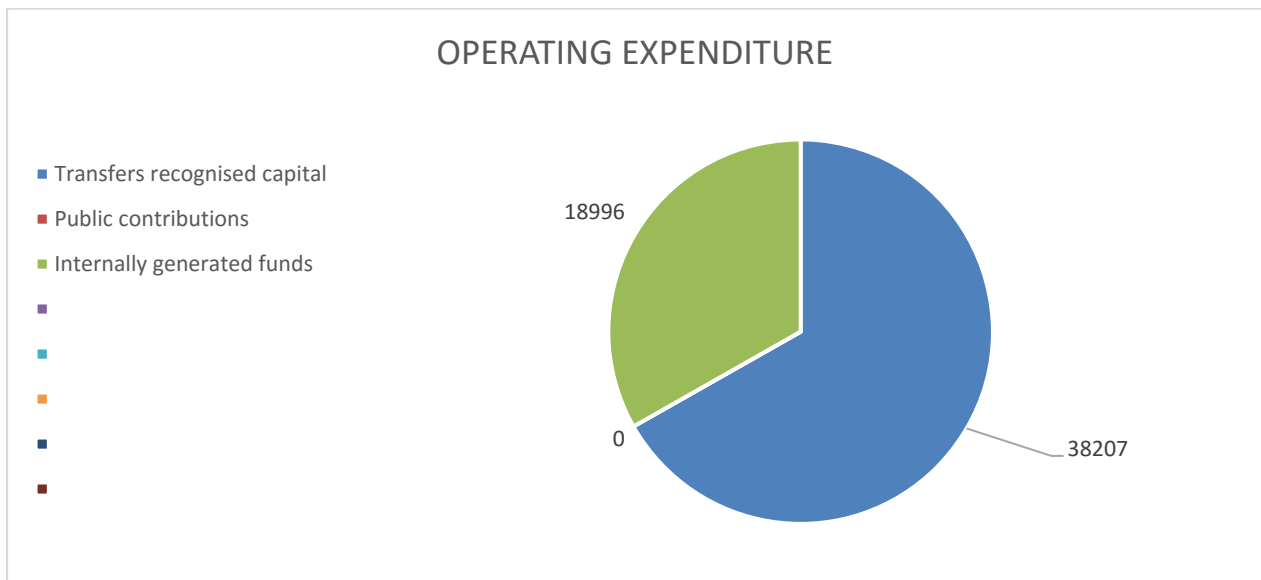
### 1.5.7 Contracted Services

In the 2018/19 financial year, this group of expenditure totals R90 million and equates to 26% of the total operating budget.

### 1.5.8 Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality. Budget appropriations in this regard totals to R58.4 million and equates to 17 percent.

The following graph gives a breakdown of the main expenditure categories for the 2018/19 financial year.



## **Repairs and maintenance per asset class**

For the 2018/19 financial year, R943 000 of total repairs and maintenance will be spent on infrastructure assets, electricity infrastructure, transport assets and office equipment.

### **1.5.9 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 10 000 or more indigent households during the 2017/18 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table SA21.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. In this budget year the municipality made a provision of R6.5 million for free basic services.

#### **1.5.11 Expenditure by major type**

1. Bulk purchases have increased over the 2018/2019 to 2020/20/21 period escalating from R26 million, R27 million and R29 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
2. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

## 1.6 Capital expenditure

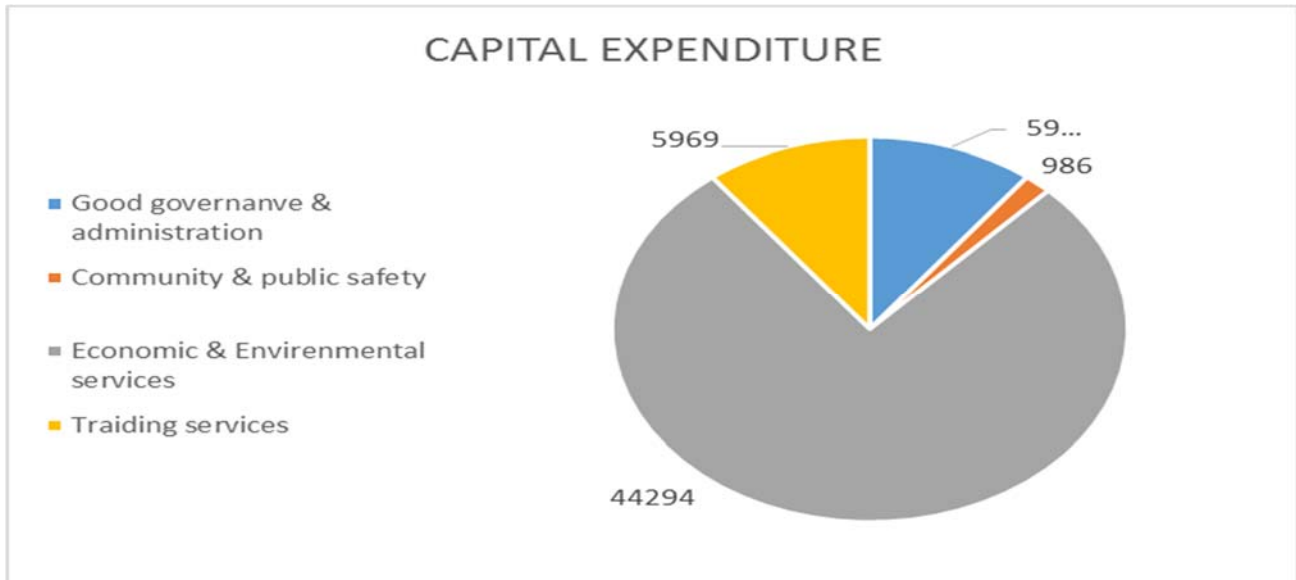
The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 3 2017/18 Medium-term capital budget per 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	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - [NAME OF VOTE 1]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [NAME OF VOTE 2]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [NAME OF VOTE 3]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [NAME OF VOTE 4]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - [NAME OF VOTE 1]		-	197	1 626	-	-	-	-	325	342	361
Vote 2 - [NAME OF VOTE 2]		2 457	12 889	11 873	-	-	-	-	3 324	3 504	3 696
Vote 3 - [NAME OF VOTE 3]		-	-	-	-	-	-	-	2 306	2 430	2 564
Vote 4 - [NAME OF VOTE 4]		18 353	713	1 474	-	-	-	-	2 216	2 335	2 464
Vote 5 - [NAME OF VOTE 5]		350	303	262	-	-	-	-	1 308	1 379	1 455
Vote 6 - [NAME OF VOTE 6]		26 224	28 809	40 831	-	-	-	-	47 724	49 044	51 654
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		47 385	42 911	56 065	-	-	-	-	57 203	59 035	62 194
<b>Total Capital Expenditure - Vote</b>		47 385	42 911	56 065	-	-	-	-	57 203	59 035	62 194
<b>Capital Expenditure - Functional</b>											
<i>Governance and administration</i>		2 457	13 086	13 499	-	-	-	-	5 955	6 276	6 622
Executive and council		-	197	1 626	-	-	-	-	325	342	361
Finance and administration		2 457	12 889	11 873	-	-	-	-	5 630	5 934	6 260
Internal audit		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		17 494	713	586	-	-	-	-	986	1 039	1 096
Community and social services		17 494	88	116	-	-	-	-	80	84	89
Sport and recreation		-	590	115	-	-	-	-	105	111	117
Public safety		-	36	355	-	-	-	-	801	844	890
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		26 032	28 569	37 631	-	-	-	-	44 294	45 429	47 839
Planning and development		350	303	262	-	-	-	-	1 308	1 379	1 455
Road transport		25 682	28 266	37 370	-	-	-	-	42 985	44 050	46 384
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1 402	542	4 349	-	-	-	-	5 969	6 291	6 637
Energy sources		542	542	3 461	-	-	-	-	4 739	4 995	5 270
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		859	-	887	-	-	-	-	1 230	1 296	1 368
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	47 385	42 911	56 065	-	-	-	-	57 203	59 035	62 194
<b>Funded by:</b>											
National Government		27 787	27 787	31 964	-	-	-	-	38 207	38 948	40 997
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	27 787	27 787	31 964	-	-	-	-	38 207	38 948	40 997
Public contributions & donations	5	33 330	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		15 983	15 983	24 101	-	-	-	-	18 996	20 087	21 197
<b>Total Capital Funding</b>	7	77 100	43 770	56 065	-	-	-	-	57 203	59 035	62 194

For this budget year an amount of R57.2 million has been appropriated for the development of infrastructure which represents 17 per cent of the total expenditure budget. The amount totals to R59 million and R62.1million for the outer years.

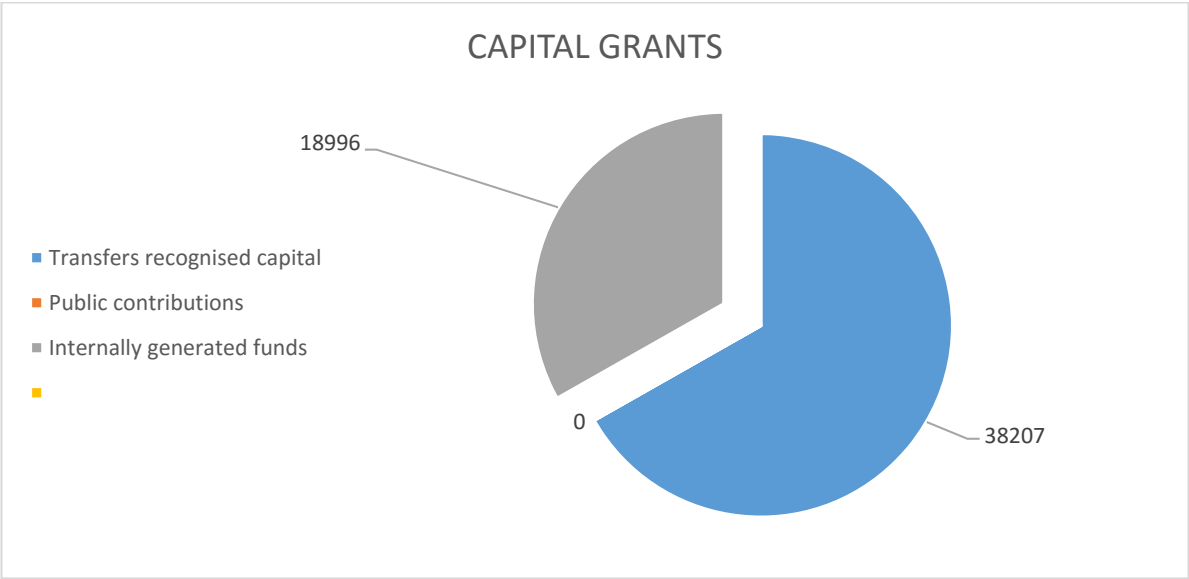
The following graph gives a breakdown of the Capital expenditure by vote for the 2018/19 financial year.



### 1.6.1 FUNDING OF THE CAPITAL BUDGET

1. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. Capital transfers totals to R38.2 million and escalates to R38.9 million and R40.9 million for the two outer years.

2. The graph below illustrate the funding sources for Capital Expenditure





## **1.7 Annual Budget Tables - Elundini Municipality**

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as approved by the Council.

Each table is accompanied by *explanatory notes* on the facing page.

**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
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	13 681	14 583	17 218	-	-	-	-	20 758	21 879	23 082
Service charges	20 532	20 807	47 984	-	-	-	-	28 872	30 431	32 105
Investment revenue	1 400	-	4 539	-	-	-	-	2 441	2 573	2 714
Transfers recognised - operational	-	-	152 226	-	-	-	-	173 245	198 515	211 456
Other own revenue	167 454	-	7 530	-	-	-	-	135 990	123 586	129 374
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>203 067</b>	<b>35 390</b>	<b>229 497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>361 306</b>	<b>376 984</b>	<b>398 732</b>
Employee costs	61 505	70 803	70 480	-	-	-	-	94 834	100 003	105 503
Remuneration of councillors	10 792	-	10 229	-	-	-	-	11 150	11 752	12 398
Depreciation & asset impairment	30 834	26 843	26 956	-	-	-	-	51 242	54 009	56 980
Finance charges	907	-	1 205	-	-	-	-	56	59	62
Materials and bulk purchases	20 524	19 065	30 914	-	-	-	-	27 042	28 502	30 070
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	56 527	-	60 440	-	-	-	-	157 987	162 571	172 522
<b>Total Expenditure</b>	<b>181 089</b>	<b>116 711</b>	<b>200 225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342 311</b>	<b>356 896</b>	<b>377 534</b>
<b>Surplus/(Deficit)</b>	<b>21 978</b>	<b>(81 321)</b>	<b>29 272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 996</b>	<b>20 087</b>	<b>21 197</b>
Transfers and subsidies - capital (monetary alloc	33 235	-	41 386	-	-	-	-	38 207	38 948	40 997
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>47 385</b>	<b>42 911</b>	<b>56 065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
Transfers recognised - capital	27 787	27 787	31 964	-	-	-	-	38 207	38 948	40 997
Public contributions & donations	33 330	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	15 983	15 983	24 101	-	-	-	-	18 996	20 087	21 197
<b>Total sources of capital funds</b>	<b>77 100</b>	<b>43 770</b>	<b>56 065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
<b>Financial position</b>										
Total current assets	42 443	62 234	95 608	-	-	-	-	156 598	165 054	174 132
Total non current assets	359 396	375 683	402 160	-	-	-	-	414 456	436 836	460 862
Total current liabilities	38 746	35 642	33 773	-	-	-	-	45 454	47 908	50 543
Total non current liabilities	12 994	1 878	16 188	-	-	-	-	16 014	16 879	17 807
Community wealth/Equity	350 100	384 970	407 829	-	-	-	-	509 586	537 103	566 644
<b>Cash flows</b>										
Net cash from (used) operating	54 195	64 945	41 039	-	-	-	-	-	-	-
Net cash from (used) investing	(44 364)	(46 959)	(55 518)	-	-	-	-	-	-	-
Net cash from (used) financing	(257)	(84)	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>33 806</b>	<b>51 708</b>	<b>37 236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	33 806	51 709	78 480	-	-	-	-	96 982	102 219	107 841
Application of cash and investments	29 334	10 251	18 411	-	-	-	-	37 587	39 617	41 796
<b>Balance - surplus (shortfall)</b>	<b>4 472</b>	<b>41 458</b>	<b>60 070</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59 395</b>	<b>62 602</b>	<b>66 045</b>
<b>Asset management</b>										
Asset register summary (WDV)	324 351	375 665	-	-	-	-	-	-	-	-
Depreciation	32 019	-	26 956	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	5 523	5 465	9 619	-	-	-	-	-	-	-
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	8 574	8 574	9 037	9 534
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	13 681	14 583	17 218	-	-	-	-	20 758	21 879	23 082
Service charges	20 532	20 807	47 984	-	-	-	-	28 872	30 431	32 105
Investment revenue	1 400	-	4 539	-	-	-	-	2 441	2 573	2 714
Transfers recognised - operational	-	-	152 226	-	-	-	-	173 245	198 515	211 456
Other own revenue	167 454	-	7 530	-	-	-	-	135 990	123 586	129 374
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>203 067</b>	<b>35 390</b>	<b>229 497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>361 306</b>	<b>376 984</b>	<b>398 732</b>
Employee costs	61 505	70 803	70 480	-	-	-	-	94 834	100 003	105 503
Remuneration of councillors	10 792	-	10 229	-	-	-	-	11 150	11 752	12 398
Depreciation & asset impairment	30 834	26 843	26 956	-	-	-	-	51 242	54 009	56 980
Finance charges	907	-	1 205	-	-	-	-	56	59	62
Materials and bulk purchases	20 524	19 065	30 914	-	-	-	-	27 042	28 502	30 070
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	56 527	-	60 440	-	-	-	-	157 987	162 571	172 522
<b>Total Expenditure</b>	<b>181 089</b>	<b>116 711</b>	<b>200 225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342 311</b>	<b>356 896</b>	<b>377 534</b>
<b>Surplus/(Deficit)</b>	<b>21 978</b>	<b>(81 321)</b>	<b>29 272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 996</b>	<b>20 087</b>	<b>21 197</b>
Transfers and subsidies - capital (monetary allocated)	33 235	-	41 386	-	-	-	-	38 207	38 948	40 997
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>47 385</b>	<b>42 911</b>	<b>56 065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
Transfers recognised - capital	27 787	27 787	31 964	-	-	-	-	38 207	38 948	40 997
Public contributions & donations	33 330	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	15 983	15 983	24 101	-	-	-	-	18 996	20 087	21 197
<b>Total sources of capital funds</b>	<b>77 100</b>	<b>43 770</b>	<b>56 065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>
<b>Financial position</b>										
Total current assets	42 443	62 234	95 608	-	-	-	-	156 598	165 054	174 132
Total non current assets	359 396	375 683	402 160	-	-	-	-	414 456	436 836	460 862
Total current liabilities	38 746	35 642	33 773	-	-	-	-	45 454	47 908	50 543
Total non current liabilities	12 994	1 878	16 188	-	-	-	-	16 014	16 879	17 807
Community wealth/Equity	350 100	384 970	407 829	-	-	-	-	509 586	537 103	566 644
<b>Cash flows</b>										
Net cash from (used) operating	54 195	64 945	41 039	-	-	-	-	-	-	-
Net cash from (used) investing	(44 364)	(46 959)	(55 518)	-	-	-	-	-	-	-
Net cash from (used) financing	(257)	(84)	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>33 806</b>	<b>51 708</b>	<b>37 236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	33 806	51 709	78 480	-	-	-	-	96 982	102 219	107 841
Application of cash and investments	29 334	10 251	18 411	-	-	-	-	37 587	39 617	41 796
<b>Balance - surplus (shortfall)</b>	<b>4 472</b>	<b>41 458</b>	<b>60 070</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59 395</b>	<b>62 602</b>	<b>66 045</b>
<b>Asset management</b>										
Asset register summary (WDV)	324 351	375 665	-	-	-	-	-	-	-	-
Depreciation	32 019	-	26 956	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	5 523	5 465	9 619	-	-	-	-	-	-	-
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	8 574	8 574	9 037	9 534
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

## Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognized is reflected on the Financial Performance Budget;
    - ii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation indicates that the municipality is paying much attention in managing of its finances mainly building of internal reserves that can be cash-backed to fund the budget.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table A2 - Budgeted Financial Performance (revenue and expenditure by standard 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
<b>Revenue - Functional</b>	1									
<i>Governance and administration</i>		139 768	124 517	156 460	-	-	-	233 649	246 266	259 811
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		139 768	124 517	156 460	-	-	-	233 649	246 266	259 811
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		101	225	186	-	-	-	3 133	3 302	3 484
Community and social services		88	38	175	-	-	-	3 112	3 280	3 460
Sport and recreation		13	-	11	-	-	-	21	22	24
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	187	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		39 432	35 893	48 200	-	-	-	97 935	98 068	104 383
Planning and development		83	68	80	-	-	-	130	137	145
Road transport		39 349	35 825	48 120	-	-	-	97 805	97 931	104 238
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		26 881	76 335	42 045	-	-	-	64 797	68 296	72 052
Energy sources		22 462	73 921	36 769	-	-	-	59 559	62 775	66 227
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4 419	2 414	5 276	-	-	-	5 238	5 521	5 825
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	<b>206 182</b>	<b>236 970</b>	<b>246 891</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>399 513</b>	<b>415 932</b>	<b>439 729</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		106 320	61 344	113 196	-	-	-	148 398	156 411	165 014
Executive and council		29 988	22 166	29 857	-	-	-	48 648	51 275	54 095
Finance and administration		76 332	39 178	83 339	-	-	-	99 750	105 136	110 919
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		11 222	7 225	9 768	-	-	-	13 559	14 291	15 077
Community and social services		3 785	1 852	2 528	-	-	-	6 109	6 439	6 793
Sport and recreation		4 653	4 585	6 470	-	-	-	7 450	7 852	8 284
Public safety		-	-	-	-	-	-	-	-	-
Housing		2 784	789	769	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		32 128	88 802	50 108	-	-	-	87 593	88 425	94 298
Planning and development		7 413	6 965	8 594	-	-	-	10 961	11 553	12 188
Road transport		24 715	81 837	41 514	-	-	-	76 633	76 873	82 110
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		28 158	49 399	51 216	-	-	-	92 760	97 769	103 147
Energy sources		20 533	39 171	33 347	-	-	-	74 607	78 636	82 961
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7 625	10 228	17 869	-	-	-	18 153	19 134	20 186
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	<b>177 828</b>	<b>206 771</b>	<b>224 288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342 310</b>	<b>356 897</b>	<b>377 535</b>
<b>Surplus/(Deficit) for the year</b>		<b>28 354</b>	<b>30 200</b>	<b>22 603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>

## Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Electricity and Waste management functions. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue and Equitable share.

### 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
<b>Revenue by Vote</b>	1									
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		139 768	124 517	156 460	-	-	-	233 649	246 266	259 811
Vote 3 - Corporate services		-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		6 698	5 226	8 164	-	-	-	11 034	11 630	12 270
Vote 5 - Strategic Planning & Development		83	68	80	-	-	-	130	137	145
Vote 6 - Infrastructure Development & Planning		59 633	107 159	82 188	-	-	-	154 700	157 899	167 504
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]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	206 182	236 970	246 891	-	-	-	399 513	415 932	439 729
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive & Council		29 988	22 166	29 857	-	-	-	48 648	51 275	54 095
Vote 2 - Budget & Treasury		56 590	24 759	63 601	-	-	-	61 705	65 037	68 614
Vote 3 - Corporate services		19 742	14 419	19 739	-	-	-	38 045	40 099	42 305
Vote 4 - Community Services		23 192	24 457	35 162	-	-	-	43 478	45 826	48 347
Vote 5 - Strategic Planning & Development		7 413	6 965	8 594	-	-	-	10 961	11 553	12 188
Vote 6 - Infrastructure Development & Planning		40 903	114 004	67 336	-	-	-	139 473	143 107	151 987
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]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	177 828	206 771	224 288	-	-	-	342 310	356 897	377 535
<b>Surplus/(Deficit) for the year</b>	2	28 354	30 200	22 603	-	-	-	57 203	59 035	62 194

## Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

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

### 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
<b>Revenue By Source</b>											
Property rates	2	13 681	14 583	17 218	-	-	-	-	20 758	21 879	23 082
Service charges - electricity revenue	2	16 807	16 395	19 233	-	-	-	-	25 983	27 386	28 892
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 173	4 413	4 759	-	-	-	-	2 889	3 045	3 213
Service charges - other		1 552	-	23 992							
Rental of facilities and equipment		3 652	-	1 575					9 003	9 490	10 012
Interest earned - external investments		1 400	-	4 539					2 441	2 573	2 714
Interest earned - outstanding debtors		-	-	1 804					1 239	1 306	1 378
Dividends received		941	-	-					-	-	-
Fines, penalties and forfeits		1 865	-	472					385	406	428
Licences and permits		-	-	2 371					2 602	2 743	2 894
Agency services		157 496	-	-					-	-	-
Transfers and subsidies		-	-	152 226					173 245	198 515	211 456
Other revenue	2	3 349	-	1 308	-	-	-	-	122 334	109 193	114 190
Gains on disposal of PPE		151	-	-					426	449	473
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>203 067</b>	<b>35 390</b>	<b>229 497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>361 306</b>	<b>376 984</b>	<b>398 732</b>
<b>Expenditure By Type</b>											
Employee related costs	2	61 505	70 803	70 480	-	-	-	-	94 834	100 003	105 503
Remuneration of councillors		10 792	-	10 229					11 150	11 752	12 398
Debt impairment	3	6 133	-	9 185					9 477	9 989	10 538
Depreciation & asset impairment	2	30 834	26 843	26 956	-	-	-	-	51 242	54 009	56 980
Finance charges		907	-	1 205					56	59	62
Bulk purchases	2	15 059	19 065	21 295	-	-	-	-	26 098	27 508	29 021
Other materials	8	5 465	-	9 619					943	994	1 049
Contracted services		2 109	-	-	-	-	-	-	90 050	95 454	93 064
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	48 118	-	51 254	-	-	-	-	58 460	57 129	68 920
Loss on disposal of PPE		167	-	-							
<b>Total Expenditure</b>		<b>181 089</b>	<b>116 711</b>	<b>200 225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342 311</b>	<b>356 896</b>	<b>377 534</b>
<b>Surplus/(Deficit)</b>											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		21 978	(81 321)	29 272	-	-	-	-	18 996	20 087	21 197
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)		33 235	-	41 386					38 207	38 948	40 997
Surplus/(Deficit) after capital transfers & contributions		55 214	(81 321)	70 659	-	-	-	-	57 203	59 035	62 194
Taxation		-	-	-					-	-	-
Surplus/(Deficit) after taxation		55 214	(81 321)	70 659	-	-	-	-	57 203	59 035	62 194
Attributable to minorities		-	-	-					-	-	-
Surplus/(Deficit) attributable to municipality		55 214	(81 321)	70 659	-	-	-	-	57 203	59 035	62 194
Share of surplus/ (deficit) of associate	7	-	-	-					-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>55 214</b>	<b>(81 321)</b>	<b>70 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57 203</b>	<b>59 035</b>	<b>62 194</b>





**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

3. Total revenue is R361.3 million in the budget year and escalates to R376.9 million and R398.7 for the outer years.
4. Revenue to be generated from property rates is R20.7 million in the budget year and increases to R21.8 million and R23 million in the outer years. The property Rates represents 5.7 per cent of the operating revenue base of the municipality and clearly shows that the municipality is grant depended it cannot sustain itself should the grants be taken away.
5. Services charges relating to electricity, and refuse removal constitutes the biggest component of the revenue basket of the municipality totaling R28.8 million in the budget year and increasing to R30.4 million and R32.1 million for the outer years. For the budget year services charges amount to 8 per cent of the total revenue base and grows by 9 per cent per annum over the medium-term.
6. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are increasing over the MTREF.

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

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
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - [NAME OF VOTE 1]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [NAME OF VOTE 2]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [NAME OF VOTE 3]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [NAME OF VOTE 4]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - [NAME OF VOTE 1]		-	197	1 626	-	-	-	-	325	342	361
Vote 2 - [NAME OF VOTE 2]		2 457	12 889	11 873	-	-	-	-	3 324	3 504	3 696
Vote 3 - [NAME OF VOTE 3]		-	-	-	-	-	-	-	2 306	2 430	2 564
Vote 4 - [NAME OF VOTE 4]		18 353	713	1 474	-	-	-	-	2 216	2 335	2 464
Vote 5 - [NAME OF VOTE 5]		350	303	262	-	-	-	-	1 308	1 379	1 455
Vote 6 - [NAME OF VOTE 6]		26 224	28 809	40 831	-	-	-	-	47 724	49 044	51 654
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		47 385	42 911	56 065	-	-	-	-	57 203	59 035	62 194
<b>Total Capital Expenditure - Vote</b>		47 385	42 911	56 065	-	-	-	-	57 203	59 035	62 194
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		2 457	13 086	13 499	-	-	-	-	5 955	6 276	6 622
Executive and council		-	197	1 626	-	-	-	-	325	342	361
Finance and administration		2 457	12 889	11 873	-	-	-	-	5 630	5 934	6 260
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		17 494	713	586	-	-	-	-	986	1 039	1 096
Community and social services		17 494	88	116	-	-	-	-	80	84	89
Sport and recreation		-	590	115	-	-	-	-	105	111	117
Public safety		-	36	355	-	-	-	-	801	844	890
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		26 032	28 569	37 631	-	-	-	-	44 294	45 429	47 839
Planning and development		350	303	262	-	-	-	-	1 308	1 379	1 455
Road transport		25 682	28 266	37 370	-	-	-	-	42 985	44 050	46 384
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		1 402	542	4 349	-	-	-	-	5 969	6 291	6 637
Energy sources		542	542	3 461	-	-	-	-	4 739	4 995	5 270
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		859	-	887	-	-	-	-	1 230	1 296	1 368
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	47 385	42 911	56 065	-	-	-	-	57 203	59 035	62 194
<b>Funded by:</b>											
National Government		27 787	27 787	31 964	-	-	-	-	38 207	38 948	40 997
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	27 787	27 787	31 964	-	-	-	-	38 207	38 948	40 997
Public contributions & donations	5	33 330	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		15 983	15 983	24 101	-	-	-	-	18 996	20 087	21 197
<b>Total Capital Funding</b>	7	77 100	43 770	56 065	-	-	-	-	57 203	59 035	62 194

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

3. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
4. Single-year capital expenditure has been appropriated at R57.2 million for the budget year and R59 million and R62.1 million for the two outer years.
5. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

**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
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		753	6 104	41 932					5 117	5 393	5 690
Call investment deposits	1	33 052	45 605	36 549	-	-	-	-	91 865	96 826	102 151
Consumer debtors	1	2 777	2 881	2 872	-	-	-	-	47 617	50 188	52 949
Other debtors		1 358	7 279	13 994					11 734	12 367	13 048
Current portion of long-term receivables		3 952	-	-					-	-	-
Inventory	2	551	365	263					265	279	295
<b>Total current assets</b>		<b>42 443</b>	<b>62 234</b>	<b>95 608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156 598</b>	<b>165 054</b>	<b>174 132</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property		35 046	35 026	34 690					36 199	38 154	40 252
Investment in Associate											
Property, plant and equipment	3	324 063	340 638	367 470	-	-	-	-	378 257	398 682	420 610
Agricultural											
Biological											
Intangible		287	19	0							
Other non-current assets											
<b>Total non current assets</b>		<b>359 396</b>	<b>375 683</b>	<b>402 160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>414 456</b>	<b>436 836</b>	<b>460 862</b>
<b>TOTAL ASSETS</b>		<b>401 840</b>	<b>437 918</b>	<b>497 768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>571 053</b>	<b>601 890</b>	<b>634 994</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1								-	-	-
Borrowing	4	69	149	367	-	-	-	-	367	387	408
Consumer deposits		362	388	402					643	677	715
Trade and other payables	4	30 100	24 706	26 292	-	-	-	-	37 587	39 617	41 796
Provisions		8 216	10 400	6 712					6 857	7 227	7 624
<b>Total current liabilities</b>		<b>38 746</b>	<b>35 642</b>	<b>33 773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45 454</b>	<b>47 908</b>	<b>50 543</b>
<b>Non current liabilities</b>											
Borrowing		-	345	335	-	-	-	-	335	353	372
Provisions		12 994	1 533	15 854	-	-	-	-	15 679	16 526	17 435
<b>Total non current liabilities</b>		<b>12 994</b>	<b>1 878</b>	<b>16 188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16 014</b>	<b>16 879</b>	<b>17 807</b>
<b>TOTAL LIABILITIES</b>		<b>51 740</b>	<b>37 520</b>	<b>49 961</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61 467</b>	<b>64 787</b>	<b>68 350</b>
<b>NET ASSETS</b>	5	<b>350 100</b>	<b>400 397</b>	<b>447 807</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>509 586</b>	<b>537 103</b>	<b>566 644</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)	4	350 100	384 970	407 829					509 586	537 103	566 644
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>350 100</b>	<b>384 970</b>	<b>407 829</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>509 586</b>	<b>537 103</b>	<b>566 644</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6s supported by an extensive table of notes (SA3 ) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions noncurrent;
  - Changes in net assets; and
  - Reserves

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

## **BREAKDOWN OF CAPITAL AND OPERATIONAL PROJECTS**

### **Project Type**

### **Amount**

#### **MIG Funded Projects**

Upgrading of Sonwabile to Old Location Road and Stormwater	4 055 743
Construction of Ilisolomzi Community Centre	2 000 000
Upgrading of Sithole Streets & Stormwater	6 800 000
Upgrading of Vincent Streets & Stormwater	8 506 829
Liphofung access road	8 979 773
Construction of Ntabayikhonjwa Access Road	5 954 305
	<b>36 296 650</b>

#### **Own Revenue funded projects**

Electrical projects	4 739 000
Master system's Plan	1 685 000
Finance pool vehicle	300 000
Street sweeper	750 000
Vehicle	400 000
Fire fighting vehicle	800 000
Edms	400 000
Trolley Bins	80 000
Municipal buildings	2 660 000
Hawker stalls	953 000
Tourism bakkie	25 000
Bridges	4 000 000
Other Capital Assets	115 000
	<b>16 907 000</b>

<b>Total for Capital projects</b>	<b>53 203 650</b>
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**Operational Projects**

**INEP funded projects**

176 connectiosns and associated MV & LV infrastructure.	3 696 000
210 connectiosns and associated MV & LV infrastructure.	4 410 000
160 connectiosns and associated MV & LV infrastructure.	3 360 000
111 connectiosns and associated MV & LV infrastructure.	2 331 000
35 connectiosns and associated MV & LV infrastructure.	735 000
167 connectiosns and associated MV & LV infrastructure.	3 507 000
7km of FOX link line to be constructed	1 750 000
11km of FOX link line to be constructed	2 750 000
Survey and Designing	1 500 000
Surcharge for split meters and pad locks	1 597 000
	<b>25 636 000</b>

## 1.8 Municipal manager's quality certificate

I Khayaletu Gashi, municipal manager of Elundini Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name   K Gashi  

Municipal Manager of Elundini Municipality (EC141)

Signature \_\_\_\_\_

Date \_\_\_\_\_