



**UMZIMVUBU**  
— LOCAL MUNICIPALITY —

## Annual Final Budget [EC442]

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

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## Glossary

**Annual Budget** – means an approved budget for one year. It does not include published forward estimates or projections for period beyond the budget period.

**Adjustments Budget** – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

**Allocations** – Money received from Provincial or National Government or other municipalities.

**AFS**- Annual Financial Statements

**Assessment Rates** - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

**Budget** – The financial plan of the Municipality.

**Budget Related Policy** – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control policy.

**Capital Expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance.

**CRR** – Capital Replacement Reserve. A cash reserve set aside for future capital expenditure.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**CFO** - Chief Financial Officer

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by National to Provincial and local government.

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**EPWP** – Expanded Public works.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GIS** – Geographic Information System.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

**GRAP** – Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**KPI's** – Key Performance Indicators. Measures of service output and/or outcome.

**MEC** – Minister in Executive Committee (Province).

**MFMA** – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.

**MPAC** – Municipal Public Accounts Committee.

**NERSA** – National Electricity Regulator of South Africa.

**NT** – National Treasury.

**PT** – Provincial Treasury

**DM** – District Municipality

**NDPG** – Neighbourhood Development Framework Grant.

**Net Assets** – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

**Operating Expenditure** – Spending on the day to day expenses of the Municipality such as salaries and wages.

**R&M** – Repairs and maintenance on property, plant and equipment.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates

**Strategic Objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**SCM** – Supply Chain Management.

**Unauthorised expenditure** – Generally, **is spending** without, or in excess of, an approved budget.

**Virement** – A transfer of budget.

**Virement Policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

**Vote** – One of the main segments into which a budget is divided. In Umzimvubu Municipality this means at department level.

# PART 1 – MAYORS SPEECH – ANNUAL FINAL BUDGET

## BUDGET SPEECH DELIVERED BY THE HONOURABLE MAYOR COUNCILLOR PB MABENGU TO THE ORDINARY COUNCIL MEETING HELD AT KWABHACA ON 31 MAY 2018.

Speaker of the Council  
Executive Committee Members  
Chief Whip and whippers  
Councillors  
Traditional Leaders  
Municipal Manager and Senior Management  
Officials present  
Fellow Residents  
Media Houses and public present  
Ladies and Gentlemen

It gives me pleasure to stand before this Council and the people of Umzimvubu with a great sense of appreciation for this opportunity afforded to me to present the Integrated Development Plan (IDP) developed, Service Delivery and Budget Implementation Plan (SDBIP) and Budget for 2018/19 after a thorough consultation process was undertaken with our communities and internal stakeholders.

The views of the people are much appreciated as they play a critical role in assisting us to come up with informed and people centred IDP and budget.

This budget carries the hopes of our communities that we are proudly serving and will demonstrate our commitment in ensuring that we realise our Pro Poor agenda while responding to the socio economic dynamics of this municipality. The SDBIP has a positive implication on service delivery as it contains plans to be implemented emanating from the IDP.

**Mr Speaker**, before I go further allow me to say that yesterday at Cancele in Ward 23 we had an extensive Annual Service Delivery Imbizo wherein we tabled our state of the municipality in terms of service delivery.

Through the report that we tabled it has shown that in these two financial years as this Council we have utilised the limited municipal resources to improve the lives of our people.

**Fellow Councillors**, this budget speech takes place after a Council Strategic Planning Session where we agreed that our main focus should be on Infrastructure related programmes.

I am adamant that this being the centenary year of our legend and father of the liberation struggle, uTatuMandela, nothing would rate among the best birthday gifts for him rather than coming together to address our socio economic issues and recall his thoughts and dreams for this nation in order to remind us about the mammoth journey that still lies ahead of our efforts to build this society.

All of us should heed the President's call echoing the late great Hugh Masekela, to lend a hand in addressing our communities most pressing challenges especially now that we are also heading for the National Elections.

Let us make this coming financial year a year of change, renewal and hope as President Ramaphosa has declared.

**Mr Speaker**, we table this budget at least with the improvement in our country's economic growth outlook. It is critical to note that our budget was formulated based on National Treasury Norms, Draft Regulations on cost containment measures, Government Gazette 3214, MFMA section 16 subsection 2 and guidelines set in terms of Circular 86 of 2017– as issued by National Treasury. Inflation rate given is 5.3% for 2018/19 FY, and increase for employees and councillor allowances is 5.5%.

The increase for councillor allowances is further determined through the Public Office Bearer's Government Gazette issued out by the Minister yearly.

In preparation of this budget we have maintained our employee related costs well below the Treasury norm of 30% and we are sitting at 28% of total budget.

On Expenditure Containment, our revenue collection is minimal and grants allocated have been reduced from the amount received in this current financial year, therefore Council had to look at the expenditure side to curtail and optimise the spending.

In this regard let me quickly highlight some of our efforts to cut costs as guided by the regulations on cost containment, so that we can have more money to provide services to our people such as infrastructure projects and building of municipal offices.

There has been reduction on the following:-

- Budget for events and functions,
- Entertainment votes,
- Strategic Planning Sessions to be conducted internally within the municipality,
- Catering budget

- Budget for non-essentials (in general)

Our people will be excited to learn that in our quest to accelerate service delivery and improve the standard of living in this municipality, we have allocated R135,2 million for Capital Budget.

Our repairs and maintenance budget is R4,6 million, Electrification budget is R31,2 million, Construction of Municipal Offices is R18 million in our quest to ensure that we sustain quality of services rendered.

**Fellow Councillors**, in understanding the financial situation of our people and through numerous engagements with our rate payers, where they sharply raised the issue of rates increase which is unaffordable, there will be no increase to the following:-

- Tariffs for property rates and have been reduced by 58%,
- Rates for refuse removal services have been reduced hence the new tariff structure that is to be adopted by the Council today; and
- Increase on property values emanating from implementation of a new general valuation roll will not have negative impact on rate payers as tariffs have been reduced.

The Total Budget for 2018/19 financial year is **R 407, 7 million**. The grants allocation is as follows:-

• <b>MIG</b>	-	<b>R 45 507 000.00</b>
• <b>Equitable Share</b>	-	<b>R193 075 000.00</b>
• <b>FMG</b>	-	<b>R 1 770 000.00</b>
• <b>EPWP</b>	-	<b>R 2 476 000.00</b>
• <b>Electrification Grant</b>	-	<b>R 31 200 000.00</b>
• <b>Library Subsidy</b>	-	<b>R 450 000.00</b>

Our revenue raising measures will be as follows:-

- Encourage new developments through a rebate of 15% on rates for three years (investment attraction);
- Vision 2030 disposal of sites that will assist with expansion of revenue through rates and services;
- Revised tariffs to encourage ratepayers and debt collection

We are further going to undertake the following economic development programmes and support SMMEs through public procurement Incubator programmes, as there has been a cry that there is lack of opportunities for local suppliers on projects within the municipality. To mention a few programmes there will be:-

- Ploughing of fields in all 27 wards and we've set aside a budget of R6 8 million
- SMME Development budget is R481 293.
- Farmer Mentorship budget is R263 750.
- Incubator programme for Travel Agency, Building Maintenance, Training and Development, Marketing & Printing.

**Honourable Councillors**, we have already amended our SCM policy & developed an Incubator Programme Framework to ensure that a minimum of 30% is re-invested in our local communities, and furthermore this Incubator programme will assist in the development of our young entrepreneurs and emerging contractors.

**Mr Speaker**, we understand the socio dynamics of our communities and have set aside funds to respond to the needs of the vulnerable groups such as women, youth, children, elderly and people living with disabilities. The municipality will plant money to a tune of R1 020 000 million in support of their programmes which are key in our communities.

**Honourable councillors**, there are nineteen (19) budget related policies reviewed accompanying the budget that need to be adopted by this Council.

Honourable councillors, let me appraise you on the progress made in terms of addressing 2016/17 Auditor General's findings as at end April 2018 and this current year 2017/18 Internal Audit findings.

The Management was expected to implement the Action Plan and continuously report progress to the EXCO and Council.

The following outlines the progress in terms of 2016/17 FY:-

- **Budget and Treasury Department**

Out of 16 findings, six (6) have been resolved and eight (8) are not yet resolved and two (2) findings are in progress. These two that are in progress include Asset Management issues of which asset verification and unbundling is still in progress.

- **Municipal Manager's Office**

Out of five (5) findings, three (3) have been resolved and two (2) are not yet resolved. The two findings are relating to performance information of which portfolio of evidence is not sufficient to support achieved performance and corrective measures are not documented for performance targets achieved.

In terms of Internal Audit Findings for 2017/18 FY findings are as follows:-

- **Corporate Services Department**

There were twenty four (24) findings of which nineteen (19) have been resolved and five (5) are still outstanding.

- **Budget and Treasury Department**

There were (15) Fifteen findings, twelve (12) are not yet resolved and three (3) were resolved. The unresolved findings include Supply Chain Management, Compliance reviews and Inadequacies in the Indigent Register.

- **Municipal Manager's Office**

There were two (2) findings of which all of them are not yet resolved.

In the Executive Committee meeting that we held, we agreed that Councillor Thingathinga should be a political champion of Operation Clean Audit campaign. In the Strategic Planning Session that was recently held it was agreed that a political committee should be constituted to oversee implementation of the plan and ensure that all audit findings are addressed.

However, it is not all doom and gloom as there are positive factors which the municipality can build upon and these are:-

- Electricity supply that has improved allowing new connections.
- Umzimvubu Local Municipality seeks to electrify more than 4000 households.
- Eskom has set aside an amount of R42 199 634 million which means that more communities will be electrified after years of living in the dark with no lights or any other source of electricity.
- The following areas were electrified, Ward 11: Mhlotsheni and Lutshikini

It is also pleasing to mention that the long awaited Makaula Substation project has started in ward 14 (Nqalweni) and a kick off meeting was held on 28 May 2018.

The station will be covering the following wards, Ward 10, 12, 13, 14, 22, 23 and 24.

Mr Speaker, I will be presenting the executive committee report to the Council with some of the items that need to be considered and some are for noting and these are as tabulated in the table below:-

ULMC NO.	ITEM	RESOLUTION	PAGE NO.
64	PROPOSED SUBDIVISION AND REZONING OF NEW PORTION FROM "INSTITUTIONAL "TO BUSINESS ZONE II "OF ERF 229 MOUNT FRERE	For Consideration	38-42
65	PROPOSED SUBDIVISION AND REZONING OF NEW PORTION FROM "SPECIAL RESIDENTIAL"TO RESIDENTIAL ZONE IV" ON ERF 139 MOUNT FRERE TO FORM A NEW ERF BEING ERF 3833 MOUNT FRERE	For Consideration	43-45
66	PROPOSE REZONING OF ERF 137 MOUNT FRERE FROM "INSTITUTIONAL" TO "RESIDENTIAL ZONE IV" ERF 137 MOUNT FRERE	For Consideration	46-49
67	PROGRESS REPORT ON THE TOWNSHIP ESTABLISHMNET OF ERF 188 MOUNT AYLIF FOR MIXED USE CORRIDOR	For Consideration	50-51
68	CORPORATE SERVICES DEPARTMENT: SOUND GOVERNANCE DIVISION: SECRETARIAT SECTION MONTHLY REPORT FOR MARCH 2018	For Information	52-56



69	BUDGET AND TREASURY DEPARTMENT: DEVIATION REGISTER AS AT 28 FEBRUARY 2018	For Information	57-65
70	BUDGET AND TREASURY DEPARTMENT: REPORT ON COLLECTION OF TRAFFIC FINES	For Consideration	66-67
71	STATEMENT OF FINANCIAL PERFORMANCE, POSITION AND THE IMPLEMENTATION OF THE 2017/18 BUDGET (MFMA SECTION 71) FOR THE MONTH ENDED 28 FEBRUARY 2018 REPORT	For Information	68-141
72	INFRASTRURE AND PLANNING: PROPOSED REZONING OF ERF 106 (Re/106 and 373) KWABHACA FROM RESIDENTIAL IV TO BUSINESS ZONE 1	For Consideration	142-146
73	INFRASTRUCTURE AND PLANNING DEPARTMENT: APPLICATION TO RESCIND A COUNCIL APPROVAL TO UTILIZE ERF 1361 (EXT 07 SUPPORT CENTER) FOR THE MONTH OF APRIL 2018	For Consideration	147-148
74	CORPORATE SERVICES DEPARTMENT: SOUND GOVERNANCE DIVISION: SECRETARIAT SECTION MONTHLY REPORT FOR APRIL 2018	For Information	149-153
75	S71 MONTHLY BUDGET STATEMENT AS AT 31 MARCH 2018 STATEMENT OF FINANCIAL PERFORMANCE, POSITION AND THE IMPLEMENTATION OF THE 2017/18 BUDGET (MFMA SECTION 71) FOR THE MONTH ENDED 31 MARCH 2018 REPORT	For Information	154-225
76	BUDGET AND TREASURY DEPARTMENT: FINAL ANNUAL BUDGET FOR 2018/19 FINANCIAL YEAR	For Consideration	226-228
77	OFFICE OF THE MUNICIPAL MANAGER – INTERNAL AUDIT UNIT: PROGRESS REPORT ON 2016/2017 AUDITOR GENERAL FINDINGS AND 2017/2018 INTERNAL AUDIT FINDINGS	For Information	229-233
78	OFFICE OF THE MUNICIPAL MANAGER – INTERNAL AUDIT RISK ASSESSMENT REPORT	For Consideration	234-235
79	OFFICE OF THE MUNICIPAL MANAGER – INTERNAL AUDIT REPORT - 2018 - 2019 INTERNAL AUDIT PLAN	For Consideration	236-237
80	OFFICE OF THE MUNICIPAL MANAGER – INTERNAL AUDIT: REPORT ON 2018/2019 AUDIT AND PERFORMANCE COMMITTEE CHARTER	For Consideration	238-239
81	OFFICE OF THE MUNICIPAL MANAGER – INTERNAL AUDIT: REPORT ON 2018/2019 INTERNAL AUDIT CHARTER:	For Consideration	240-241
82	OFFICE OF THE MUNICIPAL MANAGER – INTERNAL AUDIT: REPORT ON 2018/2019 RISK COMMITTEE CHARTER:	For Consideration	242-243
83	PROGRESS REPORT ON THE DEVELOPMENT OF THE IDP FOR 2018-2019 FY: OFFICE OF THE MUNICIPAL MANAGER	For Consideration	244-245
84	PROGRESS REPORT ON THE DEVELOPMENT OF THE SDBIP FOR 2018 TO 2019: OFFICE OF THE MUNICIPAL MANAGER	For Consideration	246-247

In closing, let me thank all councillors, traditional leaders as we have come this far with all the challenges, achievements for the betterment of Umzimvubu as I believe that this is our last Ordinary Council in this financial year ending in June.

I hope that we will convene a Special Council meeting just before the financial year ends mainly to be kept abreast about the outcomes of the Operation Clean Audit campaign before audit for this financial year commence.

**I THANK YOU.....NDIYABONGA**

## Section 2 – Budget Related Resolutions

The Resolutions approved by Council with the final adoption of the annual budget in 31 May 2018 are:-

RESOLVED:-

[a] That the 2018/19 Draft Annual Budget be noted by Council:

[b] That the Draft Annual Budget of Umzimvubu Local Municipality for the financial year 2018/2019; and indicative for the two projected years 2019/20 and 2020/21 be approved by council as follows:

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

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

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

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

1.5 Table A6: Budgeted Financial Position

1.6 Table A7: Budgeted Cash Flows

[b] The budget related policies approved for the budget year 2018/2019

[c] Tariffs and charges reflected in Annexure A are approved for the financial year 2018/2019.

## Section 3 - Executive Summary

The Municipal Finance Management Act (MFMA) require that the council must at least 90 days before the start of the budget year consider the approval of the annual draft budget, but however Circular 91 was issued as advisor to municipalities.

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

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

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

The preparation of this budget document evolved the making of critical policy decisions and key strategies and policy directions that were given by the Executive Committee over the past months. A 'baseline' budgets was developed in consultation with the Executive and formed the basis for operating budget discussions. These were given to the Managers to review and revise within given guidelines. These revised baseline budgets returned by the managers then formed the basis for the final budget which is now which will be approved by the end of May 2017

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

Operational Revenues are anticipated to reach R 407 million (including currently known grants received for operational expenditures)

The Capital Budget is funded from a blend of conditional grants, limited own funds and cash carried forward from prior years. Capital expenditures for 2018/19 are estimated to total R127 Million for a variety of projects and purchases.

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

### Operating Revenues

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

- Rates and other services R15,508,500

- Rates and tariffs in most cases contain proposed increases.
  - Rates 5.3% increase
  - Refuse Collection 5.3% increase
- The Equitable Share Allocation from the National Treasury is R193 million.

### **Operating Expenditures**

- Employee salaries and related expenses are increased by the level indicated by correspondence from SALGA and CPIX. This amount to a 5.5% increase in 2018/19. In addition, all positions are budgeted to be filled for the entire year. Council allowances are also budgeted to increase by 5.5% .The salary bill makes up 28% excluding councilors of the Operating budget. The vacancy rate is low and also turnaround time for filling vacant position is good, and there were four new positions which have been budgeted in this draft which were from the organogram.
- An amount of R 3,000,000 has been allocated in the operating budget for normal street maintenance and repairs.
- Grants and subsidies paid by the municipality in terms of Free Basic Services and Local Economic Development initiatives and other organizations amounts to R 4.9 million

### **Capital Budget**

The capital budget reflected in this document utilizes actually anticipated revenues and cash forward to fund the budgeted expenditures of R127 million. The portion includes the MIG grant (R45 million), INEP grant (R31 million), and the other portion is financed with the equitable share.

### **Other items in the operating budget**

There are various conditional grants/other funded items and programs included within the operating budget. Most of these items (amounting to some R3.2million) are funded by conditional grants that specify exactly what the money can be expended on.

## **Effect of the annual budget**

The annual budget for 2018/19 to 2020/21 is disclosed in 'Section 4: Annual budget tables' and in 'Annexure 2: Supporting budget tables'. Each of the summaries sections below is discussed in more detail later on this document

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

## **Financial performance**

### Revenue by source

Trends for the major revenue sources over the MTREF period is shown in the chart below, and it is also an illustration that municipality's budget is mostly funded from grants.

Umzimvubu Municipality does not only maintain but also continue to improve the quality of services provided to its citizens it needs to generate the requisite revenue. Local communities must understand that the continued generation of cash via good prudent budgeting, credible income policies and sound financial management systems is critical to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty.

The municipality has no strategy in place and has appointed a debt collector, however has appointed service provider to map its strategy on the following key components:

- National Treasury's guidelines and macro-economic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which strives to ensure a 65 per cent annual collection rate for property rates and other key service charges;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and Tariff policies of the Municipality

## **Tariff implications of the annual budget**

### **Assessment rates**

The municipal property rates are levied in different categories of consumers, and the budget has a slight increase from 2018/19 financial year, this has been informed by our collection trends or actuals for 2017/18 financial year and its midyear budget performance. This will probably increase when we do an adjustment budget as we have appointed a debt collector which is performing very well.

### **Waste Management**

We had a 5.3% increase on the tariffs charged for this financial year, and we also devised other revenue mechanisms in waste management which were not implemented in the previous financial year. Still, as the municipality is upgrading its landfill site this current financial year, we have budgeted a small increase on trading services, this is as a result of the review of the Waste Management Plan as it has to be in operation for two years.

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

## Section 4 - Annual Budget Tables

The intention of this Section is two-fold

Firstly, the following tables form the basis of the Council resolution approving the annual budget for 2018/2019:

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

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

### EC442 Umzimvubu - Table A1 Budget Summary

Description	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	8,946	12,035	14,339	14,700	13,475	28,710	13,990	15,509	16,346	17,245
Service charges	1,427	1,478	701	2,200	2,017	2,639	1,383	1,500	1,581	1,668
Investment revenue	5,221	6,999	7,696	28,481	27,547	14,782	8,663	35,174	37,074	39,113
Transfers recognised - operational	142,203	177,254	167,980	250,725	325,342	198,298	179,179	270,392	276,019	219,415
Other own revenue	10,521	10,884	13,120	10,735	9,033	14,240	7,361	12,112	12,766	13,445
<b>Total Revenue (excluding capital transfers and contributions)</b>	168,317	208,650	203,836	306,840	377,414	258,669	210,576	334,687	343,786	290,886
Employee costs	50,613	55,311	56,409	69,576	64,213	103,938	58,456	77,304	81,479	85,906
Remuneration of councillors	14,622	15,437	15,563	16,144	14,798	13,681	16,073	17,758	18,717	19,746
Depreciation & asset impairment	37,489	39,282	39,017	51,000	46,750	51,000	51,000	51,000	53,958	56,818
Finance charges	5,499	1,094	783	-	-	-	-	-	-	-
Materials and bulk purchases	3,457	3,930	4,289	-	-	-	-	-	-	-
Transfers and grants	4,541	3,619	1,931	930	930	930	2,057	1,380	1,455	1,535
Other expenditure	88,115	70,676	80,131	110,363	186,781	137,452	75,656	126,211	133,042	132,458
<b>Total Expenditure</b>	204,334	189,350	198,124	248,012	313,473	307,001	203,243	273,653	288,650	296,462
<b>Surplus/(Deficit)</b>	(36,017)	19,300	5,713	58,828	63,941	(48,331)	7,333	61,034	55,135	(5,577)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	68,359	77,584	59,261	80,190	93,530	77,253	79,766	76,707	80,849	85,296
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	32,342	96,884	64,974	139,018	157,471	28,921	87,100	137,741	135,984	79,719
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	32,342	96,884	64,974	139,018	157,471	28,921	87,100	137,741	135,984	79,719
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	84,593	84,354	103,904	93,740	91,495	91,495	-	133,824	146,314	85,296
Transfers recognised - capital	68,112	77,864	67,040	75,840	83,349	83,349	-	76,707	80,849	85,296
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	16,481	6,490	36,864	17,900	8,146	8,146	-	57,117	65,465	-
<b>Total sources of capital funds</b>	84,593	84,354	103,904	93,740	91,495	91,495	-	133,824	146,314	85,296
<b>Financial position</b>										
Total current assets	30,610	57,681	65,037	30,894	30,894	105,912	105,912	72,241	72,870	74,787
Total non current assets	468,240	541,392	633,469	697,086	697,069	697,069	730,453	678,028	624,184	567,487
Total current liabilities	28,988	10,876	15,356	-	-	33,458	33,458	-	-	-
Total non current liabilities	10,052	11,021	11,679	-	-	26,257	11,831	-	-	-
Community wealth/Equity	459,810	577,175	671,470	727,980	727,963	743,267	791,077	750,270	697,053	642,274
<b>Cash flows</b>										
Net cash from (used) operating	85,916	141,768	105,728	190,018	204,221	124,563	137,381	200,384	202,218	148,988
Net cash from (used) investing	(108,177)	(84,354)	(104,267)	(94,740)	(92,295)	(92,295)	(95,241)	(133,824)	(146,314)	(85,296)
Net cash from (used) financing	26,721	(26,710)	(10)	-	-	-	-	-	-	-

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<b>Cash/cash equivalents at the year end</b>	<b>29,711</b>	76,923	47,383	141,210	157,858	78,199	88,072	108,779	164,683	228,376
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	<b>25,251</b>	46,220	45,932	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Application of cash and investments	<b>8,472</b>	6,336	1,154	24,106	24,106	(11,682)	(11,682)	(16,368)	(16,996)	(18,913)
<b>Balance - surplus (shortfall)</b>	<b>16,779</b>	39,883	44,778	30,894	30,894	66,682	66,682	71,368	71,996	73,913
<b>Asset management</b>										
Asset register summary (WDV)	<b>439,609</b>	575,135	275,194	685,457	681,247	24,138		784,510	791,390	798,775
Depreciation	<b>37,489</b>	39,282	39,017	51,000	46,750	51,000		51,000	53,958	56,818
Renewal of Existing Assets	-	-	-	6,568	4,856	6,140		2,149	2,269	1,188
Repairs and Maintenance	<b>1,936</b>	2,074	4,406	7,238	7,038	3,840		6,624	6,989	5,315
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	<b>15</b>	15	15	15	15	15	15	15	15	15
<b>Households below minimum service level</b>										
Water:	24	24	-	24	24	24	24	24	24	24
Sanitation/sewerage:	28	28	-	28	28	28	28	28	28	28
Energy:	-	3	-	6	6	6	6	6	6	6
Refuse:	184	232	-	226	226	226	226	226	226	226

EC442 Umzimvubu - 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
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		156,567	193,903	187,296	292,097	363,790	164,356	320,229	328,545	275,423
Executive and council		440	200	438	-	-	-	-	-	-
Finance and administration		156,127	193,703	186,859	292,097	363,790	164,356	320,229	328,545	275,423
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		220	238	341	210	193	301	220	232	245
Community and social services		220	238	341	80	73	186	80	84	89
Sport and recreation		-	-	-	130	119	114	140	148	156
<b>Economic and environmental services</b>		76,205	90,368	71,449	89,736	102,078	166,614	86,969	91,668	96,093
Planning and development		838	1,326	715	82,428	95,553	156,867	79,648	83,951	87,976
Road transport		75,367	89,041	70,735	7,308	6,525	9,746	7,321	7,717	8,117
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		3,684	1,725	4,011	4,987	4,884	4,651	3,976	4,191	4,421
Waste management		3,684	1,725	4,011	4,987	4,884	4,651	3,976	4,191	4,421
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	<b>236,676</b>	<b>286,234</b>	<b>263,097</b>	<b>387,030</b>	<b>470,944</b>	<b>335,922</b>	<b>411,394</b>	<b>424,635</b>	<b>376,182</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		140,686	124,568	126,274	167,089	236,995	184,186	183,117	193,213	199,140
Executive and council		38,866	45,558	50,509	32,898	31,733	32,863	43,483	45,846	44,110
Finance and administration		101,820	79,010	75,766	128,625	199,730	139,389	132,737	140,097	147,361
Internal audit		-	-	-	5,566	5,532	11,934	6,897	7,269	7,669
<b>Community and public safety</b>		3,039	3,706	4,019	654	603	2	719	758	800
Community and social services		3,039	3,706	4,019	363	335	2	399	420	444
Sport and recreation		-	-	-	291	269	-	320	338	356
<b>Economic and environmental services</b>		45,529	47,334	53,239	59,575	56,542	84,148	66,029	69,599	72,191
Planning and development		11,473	13,749	16,718	32,142	31,290	41,812	35,666	37,592	39,606
Road transport		34,056	33,584	36,521	27,432	25,252	42,336	30,363	32,007	32,585
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		15,079	13,742	14,591	20,695	19,332	38,664	23,788	25,080	24,331
Waste management		15,079	13,742	14,591	20,695	19,332	38,664	23,788	25,080	24,331
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	<b>204,334</b>	<b>189,350</b>	<b>198,124</b>	<b>248,012</b>	<b>313,473</b>	<b>307,001</b>	<b>273,653</b>	<b>288,650</b>	<b>296,462</b>
<b>Surplus/(Deficit) for the year</b>		<b>32,342</b>	<b>96,884</b>	<b>64,974</b>	<b>139,018</b>	<b>157,471</b>	<b>28,921</b>	<b>137,741</b>	<b>135,984</b>	<b>79,719</b>



**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 and Council		440	200	438	100	92	-	105	111	172
Vote 2 - Budget and Treasury Office		156,047	193,559	186,738	291,877	357,964	335,922	319,752	328,044	274,213
Vote 3 - Corporate Services		81	144	121	120	118	-	21	22	34
Vote 4 - Infrastructure and Planning										
Department		69,613	82,600	60,633	81,742	99,479	-	79,117	83,389	87,976
Vote 5 - Community Services		220	238	341	210	210	-	223	235	248
Vote 6 - Local Economic Development		838	1,326	715	686	686	-	-	-	-
Vote 7 - Public Safety		5,753	6,442	10,102	7,308	7,308	-	7,450	7,852	8,284
Vote 8 - Waste Management		3,684	1,725	4,011	4,987	5,087	-	4,726	4,981	5,255
<b>Total Revenue by Vote</b>	2	<b>236,676</b>	<b>286,234</b>	<b>263,097</b>	<b>387,030</b>	<b>470,944</b>	<b>335,922</b>	<b>411,394</b>	<b>424,635</b>	<b>376,182</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and Council		38,866	45,558	50,509	50,667	51,419	-	60,116	63,362	66,847
Vote 2 - Budget and Treasury Office		85,401	61,399	56,475	90,609	153,844	307,001	95,211	100,572	98,040
Vote 3 - Corporate Services		16,419	17,611	19,291	25,313	25,062	-	26,654	28,094	29,639
Vote 4 - Infrastructure and Planning										
Department		16,673	17,663	17,895	21,440	21,440	-	22,741	23,969	25,288
Vote 5 - Community Services		3,039	3,706	4,019	1,154	1,154	-	719	758	800
Vote 6 - Local Economic Development		11,473	13,749	16,718	15,974	16,670	-	18,428	19,423	20,491
Vote 7 - Public Safety		17,383	15,921	18,627	22,158	22,935	-	25,653	27,038	28,525
Vote 8 - Waste Management		15,079	13,742	14,591	20,697	20,949	-	24,131	25,434	26,833
<b>Total Expenditure by Vote</b>	2	<b>204,334</b>	<b>189,350</b>	<b>198,124</b>	<b>248,012</b>	<b>313,473</b>	<b>307,001</b>	<b>273,653</b>	<b>288,650</b>	<b>296,462</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>32,342</b>	<b>96,884</b>	<b>64,974</b>	<b>139,018</b>	<b>157,471</b>	<b>28,921</b>	<b>137,741</b>	<b>135,984</b>	<b>79,719</b>

**Table A4 – Budgeted Financial Performance (revenue and expenditure)**

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>Revenue By Source</b>										
Property rates	8,946	12,035	14,339	14,700	13,475	28,710	13,990	15,509	16,346	17,245
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	1,427	1,478	701	2,200	2,017	2,631	1,383	1,500	1,581	1,668
Service charges - other	-	-	-	-	-	8	-	-	-	-
Rental of facilities and equipment	1,283	1,508	3,270	1,489	1,365	801	2,610	3,069	3,235	3,413
Interest earned - external investments	5,221	6,999	7,696	28,481	27,547	14,782	8,663	35,174	37,074	39,113
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1,670	2,321	2,263	2,000	1,833	1,644	867	2,000	2,108	2,224
Licences and permits	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	142,203	177,254	167,980	250,725	325,342	198,298	179,179	270,392	276,019	219,415
Other revenue	7,058	7,055	6,248	7,246	5,835	11,795	3,883	7,043	7,423	7,808
Gains on disposal of PPE	510	-	1,339	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>168,317</b>	<b>208,650</b>	<b>203,836</b>	<b>306,840</b>	<b>377,414</b>	<b>258,669</b>	<b>210,576</b>	<b>334,687</b>	<b>343,786</b>	<b>290,886</b>
<b>Expenditure By Type</b>										
Employee related costs	50,613	55,311	56,409	69,576	64,213	103,938	58,456	77,304	81,479	85,906
Remuneration of councillors	14,622	15,437	15,563	16,144	14,798	13,681	16,073	17,758	18,717	19,746
Debt impairment	-	-	-	5,000	4,583	-	-	5,000	5,270	5,560
Depreciation & asset impairment	37,489	39,282	39,017	51,000	46,750	51,000	51,000	51,000	53,958	56,818
Finance charges	5,499	1,094	783	-	-	-	-	-	-	-
Bulk purchases	3,457	3,930	4,289	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	7,341	6,796	7,232	14,269	14,088	17,111	12,026	12,910	13,607	14,355
Transfers and subsidies	4,541	3,619	1,931	930	930	930	2,057	1,380	1,455	1,535

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Other expenditure	57,167	63,880	72,509	91,093	168,110	120,341	63,630	108,301	114,165	112,543
Loss on disposal of PPE	23,606	-	390	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>204,334</b>	<b>189,350</b>	<b>198,124</b>	<b>248,012</b>	<b>313,473</b>	<b>307,001</b>	<b>203,243</b>	<b>273,653</b>	<b>288,650</b>	<b>296,462</b>
<b>Surplus/(Deficit)</b>	<b>(36,017)</b>	<b>19,300</b>	<b>5,713</b>	<b>58,828</b>	<b>63,941</b>	<b>(48,331)</b>	<b>7,333</b>	<b>61,034</b>	<b>55,135</b>	<b>(5,577)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	68,359	77,584	59,261	80,190	93,530	77,253	79,766	76,707	80,849	85,296
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>32,342</b>	<b>96,884</b>	<b>64,974</b>	<b>139,018</b>	<b>157,471</b>	<b>28,921</b>	<b>87,100</b>	<b>137,741</b>	<b>135,984</b>	<b>79,719</b>
Taxation	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>32,342</b>	<b>96,884</b>	<b>64,974</b>	<b>139,018</b>	<b>157,471</b>	<b>28,921</b>	<b>87,100</b>	<b>137,741</b>	<b>135,984</b>	<b>79,719</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>32,342</b>	<b>96,884</b>	<b>64,974</b>	<b>139,018</b>	<b>157,471</b>	<b>28,921</b>	<b>87,100</b>	<b>137,741</b>	<b>135,984</b>	<b>79,719</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>32,342</b>	<b>96,884</b>	<b>64,974</b>	<b>139,018</b>	<b>157,471</b>	<b>28,921</b>	<b>87,100</b>	<b>137,741</b>	<b>135,984</b>	<b>79,719</b>

**Table A5 – Budgeted Capital Expenditure by vote, standard 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
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure and		-	-	-	81,622	80,073	91,495	-	91,158	101,345	37,853
Plannind Department		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Local Economic		-	-	-	-	-	-	-	-	-	-
Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	<b>81,622</b>	<b>80,073</b>	<b>91,495</b>	-	<b>91,158</b>	<b>101,345</b>	<b>37,853</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		48	-	123	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Office		3,596	2,472	7,953	5,988	5,825	-	-	4,983	5,252	5,541
Vote 3 - Corporate Services		393	2,039	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure and		-	-	-	-	-	-	-	-	-	-
Plannind Department		71,283	76,552	91,745	2,500	1,700	-	-	32,782	34,553	36,453
Vote 5 - Community Services		8,896	384	71	-	-	-	-	-	-	-
Vote 6 - Local Economic		-	-	-	-	-	-	-	-	-	-
Development		426	381	-	-	-	-	-	-	-	-
Vote 7 - Public Safety		-	1,803	1,204	2,250	2,100	-	-	2,100	2,213	2,335
Vote 8 - Waste Management		-	677	2,808	1,380	1,797	-	-	2,800	2,951	3,114
<b>Capital single-year expenditure sub-total</b>		<b>84,641</b>	<b>84,306</b>	<b>103,904</b>	<b>12,118</b>	<b>11,422</b>	-	-	<b>42,666</b>	<b>44,970</b>	<b>47,443</b>
<b>Total Capital Expenditure - Vote</b>		<b>84,641</b>	<b>84,306</b>	<b>103,904</b>	<b>93,740</b>	<b>91,495</b>	<b>91,495</b>	-	<b>133,824</b>	<b>146,314</b>	<b>85,296</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>3,989</b>	<b>4,559</b>	<b>8,076</b>	-	-	-	-	<b>4,983</b>	<b>5,252</b>	<b>5,541</b>
Executive and council		-	48	123	-	-	-	-	-	-	-
Finance and administration		3,596	2,472	7,953	-	-	-	-	4,983	5,252	5,541
Internal audit		393	2,039	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>8,896</b>	<b>2,186</b>	<b>1,275</b>	<b>500</b>	<b>458</b>	<b>458</b>	-	<b>1,500</b>	<b>1,581</b>	<b>1,668</b>
Community and social services		8,896	384	71	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-

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Public safety			1,803	1,204	500	458	458	-	1,500	1,581	1,668
Housing			-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>71,709</b>	<b>76,933</b>	<b>91,745</b>	<b>93,240</b>	<b>91,037</b>	<b>91,037</b>	-	<b>125,840</b>	<b>137,900</b>	<b>76,419</b>
Planning and development		426	381	482	1,350	1,238	1,238	-	897	945	997
Road transport		71,283	76,552	91,263	91,890	89,800	89,800	-	124,944	136,955	75,422
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>-</b>	<b>677</b>	<b>2,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	<b>1,500</b>	<b>1,581</b>	<b>1,668</b>
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	677	2,808	-	-	-	-	1,500	1,581	1,668
<b>Other</b>								-			
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	<b>84,593</b>	<b>84,354</b>	<b>103,904</b>	<b>93,740</b>	<b>91,495</b>	<b>91,495</b>	-	<b>133,824</b>	<b>146,314</b>	<b>85,296</b>
<b>Funded by:</b>											
National Government		68,112	77,864	67,040	75,590	83,349	83,349	-	76,707	80,849	85,296
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	250	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>68,112</b>	<b>77,864</b>	<b>67,040</b>	<b>75,840</b>	<b>83,349</b>	<b>83,349</b>	-	<b>76,707</b>	<b>80,849</b>	<b>85,296</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>16,481</b>	<b>6,490</b>	<b>36,864</b>	<b>17,900</b>	<b>8,146</b>	<b>8,146</b>	-	<b>57,117</b>	<b>65,465</b>	<b>-</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>84,593</b>	<b>84,354</b>	<b>103,904</b>	<b>93,740</b>	<b>91,495</b>	<b>91,495</b>	-	<b>133,824</b>	<b>146,314</b>	<b>85,296</b>

Table A6 – Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>ASSETS</b>											
<b>Current assets</b>											
Cash			25 251	32 235	2 614	3 124	3 124	3 124	3 124	3 124	3 124
Call investment deposits	1	49 511	42 476	31 471	31 471	96 150	96 150	96 150	96 150	96 150	96 150
Consumer debtors	1	4 263	-	931	931	-	-	-	-	-	-
Other debtors		17 230	19 221	1 437	11 518	23 579	23 579	23 579	23 579	23 579	23 579
Current portion of long-term receivables		121	90	113	90	80	80	80	80	80	80
Inventory	2	378	328	452	329	693	693	693	693	693	693
<b>Total current assets</b>		<b>71 504</b>	<b>87 366</b>	<b>66 639</b>	<b>46 952</b>	<b>123 626</b>	<b>123 626</b>	<b>123 626</b>	<b>123 626</b>	<b>123 626</b>	<b>123 626</b>
<b>Non current assets</b>											
Investment property		20 412	20 412	29 922	20 412	19 962	19 962	19 962	19 962	19 962	19 962
Property, plant and equipment	3	388 551	417 605	230 935	548 121	443 277	443 277	443 277	445 277	445 277	442 319
Intangible		1 379	1 153	2 371	1 152	1 901	1 901	1 901	1 901	1 901	1 901
Other non-current assets		18	18	18	18	18	18	18	18	18	18
<b>Total non current assets</b>		<b>410 359</b>	<b>439 187</b>	<b>263 246</b>	<b>569 702</b>	<b>465 158</b>	<b>465 158</b>	<b>465 158</b>	<b>467 158</b>	<b>467 158</b>	<b>464 200</b>
<b>TOTAL ASSETS</b>		<b>481 863</b>	<b>526 553</b>	<b>329 885</b>	<b>616 654</b>	<b>588 783</b>	<b>588 783</b>	<b>588 783</b>	<b>590 783</b>	<b>590 783</b>	<b>587 825</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Borrowing	4	17 593	26 721	15 863	-	4	-	-	-	-	-
Trade and other payables	4	17 015	16 387	17 119	16 387	20 658	9 365	9 365	9 365	9 365	9 365
Provisions		135	160	73	10 051	81	81	81	81	81	81
<b>Total current liabilities</b>		<b>34 742</b>	<b>43 267</b>	<b>33 055</b>	<b>26 438</b>	<b>20 743</b>	<b>9 446</b>	<b>9 446</b>	<b>9 446</b>	<b>9 446</b>	<b>9 446</b>
<b>Non current liabilities</b>											
Borrowing		32 995	-	625	-	-	-	-	-	-	-
Provisions		20 042	7 001	20 841	20 841	11 021	11 021	11 021	11 021	11 021	11 021
<b>Total non current liabilities</b>		<b>53 037</b>	<b>7 001</b>	<b>21 466</b>	<b>20 841</b>	<b>11 021</b>	<b>11 021</b>	<b>11 021</b>	<b>11 021</b>	<b>11 021</b>	<b>11 021</b>
<b>TOTAL LIABILITIES</b>		<b>87 779</b>	<b>50 269</b>	<b>54 521</b>	<b>47 279</b>	<b>31 765</b>	<b>20 468</b>	<b>20 468</b>	<b>20 468</b>	<b>20 468</b>	<b>20 468</b>
<b>NET ASSETS</b>	<b>5</b>	<b>394 084</b>	<b>476 284</b>	<b>275 364</b>	<b>569 376</b>	<b>557 019</b>	<b>568 316</b>	<b>568 316</b>	<b>570 316</b>	<b>570 316</b>	<b>567 358</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		88 090	476 284	23 447	120 659	557 019	568 316	568 316	570 316	570 316	567 358
Reserves	4	305 994	-	251 917	448 717	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>5</b>	<b>394 084</b>	<b>476 284</b>	<b>275 364</b>	<b>569 376</b>	<b>557 019</b>	<b>568 316</b>	<b>568 316</b>	<b>570 316</b>	<b>570 316</b>	<b>567 358</b>

**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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		8,946	12,035	14,339	14,700	13,475	28,710	13,990	15,509	16,346	17,245
Service charges		1,427	1,478	701	2,200	2,017	2,639	1,383	1,500	1,581	1,668
Other revenue		10,011	10,884	11,781	10,735	9,033	14,240	7,361	12,112	12,766	13,445
Government - operating	1	142,203	177,254	167,980	250,725	325,342	250,725	179,179	270,392	276,019	219,415
Government - capital	1	68,359	77,584	59,261	80,190	93,530	80,190	79,766	76,707	80,849	85,296
Interest		5,221	6,999	7,696	28,481	27,547	14,782	8,663	35,174	37,074	39,113
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(140,211)	(139,753)	(153,316)	(196,083)	(265,793)	(265,793)	(150,904)	(210,080)	(221,436)	(226,159)
Finance charges		(5,499)	(1,094)	(783)	-	-	-	-	-	-	-
Transfers and Grants	1	(4,541)	(3,619)	(1,931)	(930)	(930)	(930)	(2,057)	(930)	(980)	(1,034)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>85,916</b>	<b>141,768</b>	<b>105,728</b>	<b>190,018</b>	<b>204,221</b>	<b>124,563</b>	<b>137,381</b>	<b>200,384</b>	<b>202,218</b>	<b>148,988</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		(23,584)	-	(363)	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(84,593)	(84,354)	(103,904)	(94,740)	(92,295)	(92,295)	(95,241)	(133,824)	(146,314)	(85,296)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(108,177)</b>	<b>(84,354)</b>	<b>(104,267)</b>	<b>(94,740)</b>	<b>(92,295)</b>	<b>(92,295)</b>	<b>(95,241)</b>	<b>(133,824)</b>	<b>(146,314)</b>	<b>(85,296)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		26,721	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		-	(26,710)	(10)	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>26,721</b>	<b>(26,710)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>4,460</b>	<b>30,703</b>	<b>1,451</b>	<b>95,278</b>	<b>111,926</b>	<b>32,267</b>	<b>42,140</b>	<b>66,560</b>	<b>55,904</b>	<b>63,692</b>
Cash/cash equivalents at the year begin:	2	25,251	46,220	45,932	45,932	45,932	45,932	45,932	42,219	108,779	164,683
Cash/cash equivalents at the year end:	2	29,711	76,923	47,383	141,210	157,858	78,199	88,072	108,779	164,683	228,376

**Table A8 – Cash backed reserves/ accumulated surplus**

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>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	29,711	76,923	47,383	141,210	157,858	78,199	88,072	108,779	164,683	228,376
Other current investments > 90 days		(4,460)	(30,703)	(1,451)	(86,210)	(102,858)	(23,199)	(33,072)	(53,779)	(109,683)	(173,376)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>25,251</b>	<b>46,220</b>	<b>45,932</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		(1,463)	530	5,622	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	9,935	5,807	(4,468)	24,106	24,106	(11,682)	(11,682)	(16,368)	(16,996)	(18,913)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>8,472</b>	<b>6,336</b>	<b>1,154</b>	<b>24,106</b>	<b>24,106</b>	<b>(11,682)</b>	<b>(11,682)</b>	<b>(16,368)</b>	<b>(16,996)</b>	<b>(18,913)</b>
<b>Surplus(shortfall)</b>		<b>16,779</b>	<b>39,883</b>	<b>44,778</b>	<b>30,894</b>	<b>30,894</b>	<b>66,682</b>	<b>66,682</b>	<b>71,368</b>	<b>71,996</b>	<b>73,913</b>

**Table A9 – Asset Management**

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>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	<b>84,593</b>	<b>84,354</b>	<b>784,172</b>	<b>95,296</b>	<b>99,156</b>	<b>746,736</b>	<b>77,987</b>	<b>84,203</b>	<b>16,543</b>
Roads Infrastructure		71,709	76,552	549,983	44,564	35,457	264,135	26,580	28,098	6,672
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	33,000	45,351	416,564	33,000	36,667	-
Water Supply Infrastructure		-	-	-	500	500	-	1,942	2,054	-
<b>Infrastructure</b>		<b>71,709</b>	<b>76,552</b>	<b>549,983</b>	<b>78,064</b>	<b>81,308</b>	<b>680,699</b>	<b>61,521</b>	<b>66,818</b>	<b>6,672</b>
Community Facilities		8,896	2,863	131,220	10,251	10,400	53,011	10,565	11,166	3,310
<b>Community Assets</b>		<b>8,896</b>	<b>2,863</b>	<b>131,220</b>	<b>10,251</b>	<b>10,400</b>	<b>53,011</b>	<b>10,565</b>	<b>11,166</b>	<b>3,310</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	37,173	-	-	-	-	-	-
Non-revenue Generating		-	-	57,048	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>94,221</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		3,596	4,467	7,007	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>3,596</b>	<b>4,467</b>	<b>7,007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		393	473	1,724	2,000	2,000	1,554	2,000	2,108	2,224
<b>Intangible Assets</b>		<b>393</b>	<b>473</b>	<b>1,724</b>	<b>2,000</b>	<b>2,000</b>	<b>1,554</b>	<b>2,000</b>	<b>2,108</b>	<b>2,224</b>
<b>Machinery and Equipment</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,980</b>	<b>2,447</b>	<b>3,348</b>	<b>1,900</b>	<b>2,003</b>	<b>2,113</b>
<b>Transport Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>	<b>8,124</b>	<b>2,000</b>	<b>2,108</b>	<b>2,224</b>
<b>Total Renewal of Existing Assets</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,568</b>	<b>4,856</b>	<b>6,140</b>	<b>2,149</b>	<b>2,269</b>	<b>1,188</b>
Roads Infrastructure		-	-	-	5,318	3,000	4,100	-	-	-
<b>Infrastructure</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>5,318</b>	<b>3,000</b>	<b>4,100</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	-	850	844	1,588	1,525	1,611	778
Furniture and Office Equipment		-	-	-	400	1,013	451	623	658	410
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,156</b>	<b>33,742</b>	<b>132,439</b>	<b>73,627</b>	<b>58,066</b>	<b>1,779</b>
Roads Infrastructure		-	-	-	11,021	10,425	115,174	65,599	56,379	-
Storm water Infrastructure		-	-	-	-	-	-	6,428	-	-
Solid Waste Infrastructure		-	-	-	5,035	7,700	11,791	-	-	-
<b>Infrastructure</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>16,056</b>	<b>18,125</b>	<b>126,965</b>	<b>72,027</b>	<b>56,379</b>	<b>-</b>
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	1,000	800	5,474	1,500	1,581	1,668

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<b>Community Assets</b>										
<b>Investment properties</b>										
Operational Buildings				20,000	14,717					
Housing										
<b>Other Assets</b>				<b>20,000</b>	<b>14,717</b>					
<b>Biological or Cultivated Assets</b>										
Servitudes										
Licences and Rights				100	100		100	105	111	
<b>Intangible Assets</b>				<b>100</b>	<b>100</b>		<b>100</b>	<b>105</b>	<b>111</b>	
<b>Total Capital Expenditure</b>	4									
<i>Roads Infrastructure</i>		71,709	76,552	549,983	60,904	48,882	383,410	92,179	84,477	6,672
<i>Storm water Infrastructure</i>								6,428		
<i>Electrical Infrastructure</i>					33,000	45,351	416,564	33,000	36,667	
<i>Water Supply Infrastructure</i>					500	500		1,942	2,054	
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>					5,035	7,700	11,791			
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
<b>Infrastructure</b>		<b>71,709</b>	<b>76,552</b>	<b>549,983</b>	<b>99,439</b>	<b>102,433</b>	<b>811,764</b>	<b>133,548</b>	<b>123,198</b>	<b>6,672</b>
Community Facilities		8,896	2,863	131,220	10,251	10,400	53,011	10,565	11,166	3,310
Sport and Recreation Facilities					1,000	800	5,474	1,500	1,581	1,668
<b>Community Assets</b>		<b>8,896</b>	<b>2,863</b>	<b>131,220</b>	<b>11,251</b>	<b>11,200</b>	<b>58,485</b>	<b>12,065</b>	<b>12,747</b>	<b>4,978</b>
<b>Heritage Assets</b>				<b>18</b>						
Revenue Generating				37,173						
Non-revenue Generating				57,048						
<b>Investment properties</b>				<b>94,221</b>						
Operational Buildings		3,596	4,467	7,007	20,000	14,717				
Housing										
<b>Other Assets</b>		<b>3,596</b>	<b>4,467</b>	<b>7,007</b>	<b>20,000</b>	<b>14,717</b>				
<b>Biological or Cultivated Assets</b>										
Servitudes										
Licences and Rights		393	473	1,724	2,100	2,100	1,554	2,100	2,213	2,335
<b>Intangible Assets</b>		<b>393</b>	<b>473</b>	<b>1,724</b>	<b>2,100</b>	<b>2,100</b>	<b>1,554</b>	<b>2,100</b>	<b>2,213</b>	<b>2,335</b>
Computer Equipment					850	844	1,588	1,525	1,611	778
Furniture and Office Equipment					400	1,013	451	623	658	410
Machinery and Equipment					1,980	2,447	3,348	1,900	2,003	2,113
Transport Assets					3,000	3,000	8,124	2,000	2,108	2,224
Libraries										
Zoo's, Marine and Non-biological Animals										
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>84,593</b>	<b>84,354</b>	<b>784,172</b>	<b>139,020</b>	<b>137,753</b>	<b>885,315</b>	<b>153,762</b>	<b>144,538</b>	<b>19,510</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
<i>Roads Infrastructure</i>		306,118	417,019	249,423	516,058	516,058		580,258	583,725	587,447
<i>Storm water Infrastructure</i>		426		1,050						
<i>Electrical Infrastructure</i>					141,039	141,039		172,239	173,924	175,732
<b>Infrastructure</b>		<b>306,543</b>	<b>417,019</b>	<b>250,473</b>	<b>657,097</b>	<b>657,097</b>		<b>752,497</b>	<b>757,649</b>	<b>763,179</b>
Community Facilities		65,685	85,172	3,139	12	12		4,177	4,403	4,645
Sport and Recreation Facilities								2,700	2,846	3,002
<b>Community Assets</b>		<b>65,685</b>	<b>85,172</b>	<b>3,139</b>	<b>12</b>	<b>12</b>		<b>6,877</b>	<b>7,248</b>	<b>7,647</b>
<b>Heritage Assets</b>		<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>		<b>18</b>	<b>18</b>	<b>18</b>
Revenue Generating										
Non-revenue Generating										
<b>Investment properties</b>										
Operational Buildings					20,000	14,717		18,000	18,972	20,015
Housing		20,412	19,962	20,412						
<b>Other Assets</b>		<b>20,412</b>	<b>19,962</b>	<b>20,412</b>	<b>20,000</b>	<b>14,717</b>	<b>14,717</b>	<b>18,000</b>	<b>18,972</b>	<b>20,015</b>
<b>Biological or Cultivated Assets</b>										
Servitudes										
Licences and Rights		1,153	2,197	1,152	2,100	2,100	2,100	2,100	2,213	2,335
<b>Intangible Assets</b>		<b>1,153</b>	<b>2,197</b>	<b>1,152</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>	<b>2,213</b>	<b>2,335</b>
Computer Equipment					850	844	844	700	738	778
Furniture and Office Equipment					400	1,013	1,013	369	389	410
Machinery and Equipment		45,799	50,768		1,980	2,447	2,447	1,950	2,055	2,168
Transport Assets					3,000	3,000	3,000	2,000	2,108	2,224
Libraries										
Zoo's, Marine and Non-biological Animals										
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	<b>439,609</b>	<b>575,135</b>	<b>275,194</b>	<b>685,457</b>	<b>681,247</b>	<b>24,138</b>	<b>784,510</b>	<b>791,390</b>	<b>798,775</b>

<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation</b>	7	37,489	39,282	39,017	51,000	46,750	51,000	51,000	53,958	56,818
<b>Repairs and Maintenance by Asset Class</b>	3	<b>1,936</b>	<b>2,074</b>	<b>4,406</b>	<b>7,238</b>	<b>7,038</b>	<b>3,840</b>	<b>6,624</b>	<b>6,989</b>	<b>5,315</b>
Roads Infrastructure		323	164	-	1,000	1,000	910	1,055	1,112	1,173
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		440	552	-	633	633	279	668	704	743
<b>Infrastructure</b>		<b>763</b>	<b>716</b>	<b>-</b>	<b>1,633</b>	<b>1,633</b>	<b>1,189</b>	<b>1,723</b>	<b>1,816</b>	<b>1,916</b>
Community Facilities		77	11	237	1,500	1,300	-	1,456	1,541	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>77</b>	<b>11</b>	<b>237</b>	<b>1,500</b>	<b>1,300</b>	<b>-</b>	<b>1,456</b>	<b>1,541</b>	<b>-</b>
Operational Buildings		-	-	3,696	2,300	2,300	1,621	1,500	1,581	1,668
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>3,696</b>	<b>2,300</b>	<b>2,300</b>	<b>1,621</b>	<b>1,500</b>	<b>1,581</b>	<b>1,668</b>
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		75	75	68	675	675	309	821	867	698
Furniture and Office Equipment		73	172	-	20	20	-	21	22	23
Machinery and Equipment		704	704	11	910	910	231	908	957	1,010
Transport Assets		245	397	394	200	200	489	194	205	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>39,425</b>	<b>41,356</b>	<b>43,423</b>	<b>58,238</b>	<b>53,788</b>	<b>54,840</b>	<b>57,624</b>	<b>60,947</b>	<b>62,132</b>

Table A10 – Basic Services Delivery Measurement

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	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		22 000	22 000	-	22 000	22 000	22 000	22 000	22 000	22 000
Piped water inside yard (but not in dwelling)		6 000	6 000	-	6 000	6 000	6 000	6 000	6 000	6 000
Using public tap (at least min.service level)	2	7 000	7 000	-	7 000	7 000	7 000	7 000	7 000	7 000
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		35 000	35 000	-	35 000	35 000	35 000	35 000	35 000	35 000
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	12 000	12 000	-	12 000	12 000	12 000	12 000	12 000	12 000
No water supply		12 000	12 000	-	12 000	12 000	12 000	12 000	12 000	12 000
<i>Below Minimum Service Level sub-total</i>		24 000	24 000	-	24 000	24 000	24 000	24 000	24 000	24 000
<b>Total number of households</b>	5	<b>59 000</b>	<b>59 000</b>	<b>-</b>	<b>59 000</b>	<b>59 000</b>	<b>59 000</b>	<b>59 000</b>	<b>59 000</b>	<b>59 000</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		19 000	19 000	-	19 000	19 000	19 000	19 000	19 000	19 000
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		19 000	19 000	-	19 000	19 000	19 000	19 000	19 000	19 000
Bucket toilet		27 000	27 000	-	27 000	27 000	27 000	27 000	27 000	27 000
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		1 000	1 000	-	1 000	1 000	1 000	1 000	1 000	1 000
<i>Below Minimum Service Level sub-total</i>		28 000	28 000	-	28 000	28 000	28 000	28 000	28 000	28 000
<b>Total number of households</b>	5	<b>47 000</b>	<b>47 000</b>	<b>-</b>	<b>47 000</b>	<b>47 000</b>	<b>47 000</b>	<b>47 000</b>	<b>47 000</b>	<b>47 000</b>
<b>Energy:</b>										
Electricity (at least min.service level)		-	200	-	200	200	200	200	200	200
Electricity - prepaid (min.service level)		-	18 683	-	22 346	22 346	22 346	22 346	22 346	22 346
<i>Minimum Service Level and Above sub-total</i>		-	18 883	-	22 546	22 546	22 546	22 546	22 546	22 546
Electricity (< min.service level)		-	-	-	4 155 000	4 155 000	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	3 000	-	6 000	6 000	6 000	6 000	6 000	6 000
<i>Below Minimum Service Level sub-total</i>		-	3 000	-	4 161 000	4 161 000	6 000	6 000	6 000	6 000
<b>Total number of households</b>	5	<b>-</b>	<b>21 883</b>	<b>-</b>	<b>4 183 546</b>	<b>4 183 546</b>	<b>28 546</b>	<b>28 546</b>	<b>28 546</b>	<b>28 546</b>
<b>Refuse:</b>										
Removed at least once a week		7 665	8 365	-	14 597	14 597	14 597	14 597	14 597	14 597
<i>Minimum Service Level and Above sub-total</i>		7 665	8 365	-	14 597	14 597	14 597	14 597	14 597	14 597
Removed less frequently than once a week		3 258	3 358	-	7 488	7 488	7 488	7 488	7 488	7 488
Using communal refuse dump		383	625	-	56 695	56 695	56 695	56 695	56 695	56 695
Using own refuse dump		161 152	161 152	-	103 317	103 317	103 317	103 317	103 317	103 317
Other rubbish disposal		-	1	-	3	3	3	3	3	3



No rubbish disposal		19 162	66 809	–	58 210	58 210	58 210	58 210	58 210	58 210
<i>Below Minimum Service Level sub-total</i>		183 955	231 945	–	225 713	225 713	225 713	225 713	225 713	225 713
<b>Total number of households</b>	5	<b>191 620</b>	<b>240 310</b>	–	<b>240 310</b>	<b>240 310</b>	<b>240 310</b>	<b>240 310</b>	<b>240 310</b>	<b>240 310</b>
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		15	15	15	15	15	15	15	15	15
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)				4 155 000	4 155 000	4 155 000	4 155 000	4 155 000	4 155 000	4 155 000
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)		15	15	15	15	15	15	15	15	15
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		–	–	–	–	–	–	–	–	–
Other										
<b>Total revenue cost of subsidised services provided</b>		<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>

## PART 2 – SUPPORTING DOCUMENTATION

### Section 5 – Overview of annual budget process

#### Annual Planning Process

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

The operating budget for 2018/19 has been driven totally on the premise of consumer affordability, as the municipality has a number of indigents. This budget was compiled based on the strategic meeting held after the appraisal of the first six months performance of the 2017/18 financial year, and was presented to the Executive Mayoral Committee this year regarding the rate and tariff increases

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

#### Budget Process 2018/19

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

A schedule of key deadlines was prepared for tabling in Council by the Mayor prior to the end of August 2017, which the draft annual budget tabled by 31 March 2018; and the final annual budget will be tabled by the 31 May 2018 section 24 MFMA; however Circular 85 gave guidance to municipalities in preparation of the draft.



Date	Ward No.	Ward Councilor	Venue	Locality	Time
Day 1 16 <sup>th</sup> April 2018	1	Cllr. FJ Hem	Sonwabile Brooksneck	EmaXesibeni - Mount Ayliff	11H00
	2	Cllr. M Ntsevu	Lubaleko Community Hall	EmaXesibeni - Mount Ayliff	11H00
	3	Cllr. AP Mkhonto	Msukeni Community Hall	EmaXesibeni - Mount Ayliff	11H00
	4	Cllr. NV Nomaqaqa	Sigidini Community Hall	EmaXesibeni - Mount Ayliff	11H00
	5	Cllr. S Sifolo	Ndzongiseni Community Hall	EmaXesibeni - Mount Ayliff	11H00
Day 2 17 <sup>th</sup> April 2018	6	Cllr. NC Tshayisa	Mbumbazi Community Hall	EmaXesibeni - Mount Ayliff	11H00
	7	Cllr. SS Dangisa	EmaXesibeni Town Hall	EmaXesibeni - Mount Ayliff	<b>18H00</b>
	8	Cllr. T Sokhanyile	Lugelweni Community Hall	EmaXesibeni - Mount Ayliff	11H00
	9	Cllr. M Mqulwane	Luxwesa J.S.S	EmaXesibeni - Mount Ayliff	11H00
	10	Cllr. P Makhinzi	Nophoyi Multi-purpose Centre	KwaBhaca - Mount Frere	11H00
Day 3 18 <sup>th</sup> April 2018	11	Cllr. N Gogela	Rhode Community Hall	KwaBhaca - Mount Frere	11H00
	12	Cllr. GV Lugongolo	Nophoyi Multi-purpose Centre	KwaBhaca - Mount Frere	11H00
	13	Cllr. CL Noqhakala	Mpungutshane Community Hall	KwaBhaca - Mount Frere	11H00
	14	Cllr. TV Hlazo	Sahlulo Community Hall	KwaBhaca - Mount Frere	11H00
	15	Cllr. CN Mnyayiza	Lugangeni – Rhabe Church	KwaBhaca - Mount Frere	11H00
Day 4 19 <sup>th</sup> April 2018	16	Cllr. B Majalamba	Extension 7	KwaBhaca - Mount Frere	11H00
	17	Cllr. S Mankanku	Nqantosi	KwaBhaca - Mount Frere	11H00
	18	Cllr. A Mgangatho	KwaBhaca Town Hall	KwaBhaca - Mount Frere	<b>18H00</b>
	19	Cllr. EN Ngalonkulu-Lebelo	Mtshazi Community Hall	KwaBhaca - Mount Frere	11H00
	20	Cllr. T Nomkuca	Mawusheni Community Hall	KwaBhaca - Mount Frere	11H00
	21	Cllr. FN Ngonyolo	Toleni	KwaBhaca - Mount Frere	11H00
Day 5 23 <sup>rd</sup> April 2018	22	Cllr. SO Madlanga	Good Hope Community Hall	KwaBhaca - Mount Frere	11H00
	23	Cllr. NH Kolweni	Nompilo Pre-School	KwaBhaca - Mount Frere	11H00
	24	Cllr. M Jolobe	Eziblorhweni Community Hall	KwaBhaca - Mount Frere	11H00
	25	Cllr. AN Zongiwe	Emkhonkqo (Manqqamzeni)	KwaBhaca - Mount Frere	11H00
	26	Cllr. M Tuku	Zwelijikile Hall	EmaXesibeni - Mount Ayliff	11H00
	27	Cllr. NS Soldat	Mpendla Community Hall	KwaBhaca - Mount Frere	11H00

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

### **Introduction**

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

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

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

### **Key challenges facing Umzimvubu**

#### **1. Sustainable Infrastructure**

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

#### **2. The challenge of promoting Local Economic Development**

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

#### **3. The challenge of ensuring municipal viability**

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

#### **4. The challenge of municipal transformation and institutional development**

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

#### **5. Public Participation**

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

## **Section 7 – Measurable performance objectives and indicators**

The list below are financial indicators and ratios:

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

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

### **Challenges**

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

## **Section 8 – Overview of budget related policies**

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

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

## Section 9 – Overview of budget assumptions

### Introduction

#### Budget Assumption

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

The budget is promised on a 80% payment level. This is in line with all our trends in the last 18 months and reflects similar outcome as at June 2017. This is below as compared to the outcomes of previous years.

#### External factors (population migration, employment, etc)

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

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

#### General inflation outlook and its impact on the municipal activities

The headline CPI forecast for 2018, 2019 and 2020 are 5.5%, 5.4% and 5.3% respectively. The growth parameters apply to tariff increases for property rates, user and charges raised by municipalities; this is to ensure that all spheres of government support the national macroeconomic policies. Any increase that is above the forecast must be fully communicated to the community.

#### Rates, tariffs, charges and timing of revenue collection

	<b>Budget 2018/19 R '000</b>	<b>Indicative 2019/20 R '000</b>	<b>Indicative 2020/21 R '000</b>
Rate	15,508,500	16,345,959	17,244,987
Refuse	1,500,000	1,581,000	1,667,955

#### Collection rates for each revenue source and customer type

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

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

	<b>Budget 2018/19 R '000</b>	<b>Indicative 2019/20 R '000</b>	<b>Indicative 2020/21 R '000</b>
Provision for bad debts Table A4: Debt impairment	5,000,000	5,270,000	5,559,850

Trends in demand for free or subsidised basic services

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

	Budget 2018/19 R '000	Indicative 2019/20 R '000	Indicative 2020/21 R '000
Cost of free basic services	3,000,000	3,174,000	3,358,000
Revenue cost of free services and all other rebate provided	1,380,000	1,454,520	1,534,518

Impact of national, provincial and local policies

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

**Section 10 – Overview of budget funding****Funding the Budget**

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

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

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

<b>Total Operating Revenue</b>	168,317	208,650	203,836	306,840	377,414	258,669	210,576	334,687	343,786	290,886
<b>Total Operating Expenditure</b>	204,334	189,350	198,124	248,012	313,473	307,001	203,243	273,653	288,650	296,462
<b>Operating Performance Surplus/(Deficit) Cash and Cash Equivalents (30 June 2012)</b>	(36,017)	19,300	5,713	58,828	63,941	(48,331)	7,333	61,034 108,779	55,135	(5,577)
<b>Revenue</b>										
% Increase in Total Operating Revenue		24.0%	(2.3%)	50.5%	23.0%	(31.5%)	(18.6%)	(11.3%)	2.7%	(15.4%)
% Increase in Property Rates Revenue		34.5%	19.1%	2.5%	(8.3%)	113.1%	(51.3%)	15.1%	5.4%	5.5%
% Increase in Electricity Revenue		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Property Rates & Services Charges		30.3%	11.3%	12.4%	(8.3%)	102.4%	(51.0%)	9.8%	5.4%	5.5%
<b>Expenditure</b>										
% Increase in Total Operating Expenditure		(7.3%)	4.6%	25.2%	26.4%	(2.1%)	(33.8%)	(12.7%)	5.5%	2.7%
% Increase in Employee Costs		9.3%	2.0%	23.3%	(7.7%)	61.9%	(43.8%)	20.4%	5.4%	5.4%
% Increase in Electricity Bulk Purchases		14.8%	9.4%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Cost Per Budgeted Employee Position (Remuneration)			214484.1961	263545.7235				292818.5227		
Average Cost Per Councillor (Remuneration)			255135.808	264649.5738				291114.5246		
R&M % of PPE	0.5%	0.4%	0.8%	1.1%	1.0%	0.6%		1.0%	1.2%	1.0%
Asset Renewal and R&M as a % of PPE	0.0%	0.0%	2.0%	7.0%	7.0%	590.0%		11.0%	9.0%	1.0%
Debt Impairment % of Total Billable Revenue	0.0%	0.0%	0.0%	29.6%	29.6%	0.0%	0.0%	29.4%	29.4%	29.4%
<b>Capital Revenue</b>										
Internally Funded & Other (R'000)	16,481	6,490	36,864	17,900	8,146	8,146	-	57,117	65,465	-
Borrowing (R'000)	-	-	-	-	-	-	-	-	-	-

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Grant Funding and Other (R'000)	68,112	77,864	67,040	75,840	83,349	83,349	-	76,707	80,849	85,296
Internally Generated funds % of Non Grant Funding	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%
Borrowing % of Non Grant Funding	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding	80.5%	92.3%	64.5%	80.9%	91.1%	91.1%	0.0%	57.3%	55.3%	100.0%
<b>Capital Expenditure</b>										
Total Capital Programme (R'000)	84,593	84,354	103,904	93,740	91,495	91,495	-	133,824	146,314	85,296
Asset Renewal	-	-	-	6,568	4,856	6,140	-	2,149	2,269	1,188
Asset Renewal % of Total Capital Expenditure	0.0%	0.0%	0.0%	7.0%	5.3%	6.7%	0.0%	1.6%	1.6%	1.4%
<b>Cash</b>										
Cash Receipts % of Rate Payer & Other	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cash Coverage Ratio	0	0	0	0	0	0	0	0	0	0
<b>Borrowing</b>										
Credit Rating (2009/10)								0		
Capital Charges to Operating	2.7%	14.7%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing Receipts % of Capital Expenditure	161.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>										
Surplus/(Deficit)	16,779	39,883	44,778	30,894	30,894	66,682	66,682	71,368	71,996	73,913
<b>Free Services</b>										
Free Basic Services as a % of Equitable Share	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
<b>High Level Outcome of Funding Compliance</b>										
Total Operating Revenue	168,317	208,650	203,836	306,840	377,414	258,669	210,576	334,687	343,786	290,886
Total Operating Expenditure	204,334	189,350	198,124	248,012	313,473	307,001	203,243	273,653	288,650	296,462
Surplus/(Deficit) Budgeted Operating Statement	(36,017)	19,300	5,713	58,828	63,941	(48,331)	7,333	61,034	55,135	(5,577)
Surplus/(Deficit) Considering Reserves and Cash Backing	16,779	39,883	44,778	30,894	30,894	66,682	66,682	71,368	71,996	73,913
MTREF Funded (1) / Unfunded (0)	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

## Fiscal Overview of Umzimvubu Municipality

There is a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management for the past three years the municipality received an unqualified audit opinion from Auditor General. Umzimvubu municipality cannot afford salaries that are prerequisite to GRAP. There is already a lack of qualified accountants in South Africa and the complexities that are GRAP in local government are such that in rural municipalities it is highly unlikely that qualified accountants are going to work at the salaries on offer internally and Umzimvubu , however with the little we have we striving to achieve the clean administration by COGTA.

## Long term financial planning

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

## Section 11 - Expenditure on allocations and grant programmes

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

Expenditure for each grant for 2018/19 to 2020/21 is summarised in the table below. Note that the expenditures include the Vat portion that is recognised

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	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>121,444</b>	<b>140,294</b>	<b>174,034</b>	<b>179,473</b>	<b>179,473</b>	<b>179,473</b>	<b>197,321</b>	<b>208,174</b>	<b>232,523</b>
Local Government Equitable Share	117,834	136,167	169,767	175,236	175,236	175,236	193,075	203,694	228,000
Finance Management	1,500	1,600	1,600	1,700	1,700	1,700	1,770	1,867	1,770
Municipal Systems Improvement	890	934	930						
EPWP Incentive	1,220	1,593	1,737	2,537	2,537	2,537	2,476	2,612	2,753
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>450</b>	<b>-</b>	<b>-</b>
Sport and Recreation			250	350	350	350	450		
<b>Total Operating Transfers and Grants</b>	<b>121,444</b>	<b>140,294</b>	<b>174,284</b>	<b>179,823</b>	<b>179,823</b>	<b>179,823</b>	<b>197,771</b>	<b>208,174</b>	<b>232,523</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>60,066</b>	<b>68,294</b>	<b>78,277</b>	<b>80,190</b>	<b>97,977</b>	<b>97,977</b>	<b>76,707</b>	<b>72,011</b>	<b>68,110</b>
Municipal Infrastructure Grant (MIG)	40,066	43,294	45,277	47,190	52,626	52,626	45,507	46,411	48,910
Integrated National Electrification Programme	20,000	25,000	33,000	33,000	45,351	45,351	31,200	25,600	19,200
<b>Total Capital Transfers and Grants</b>	<b>60,066</b>	<b>68,294</b>	<b>78,277</b>	<b>80,190</b>	<b>97,977</b>	<b>97,977</b>	<b>76,707</b>	<b>72,011</b>	<b>68,110</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>181,510</b>	<b>208,588</b>	<b>252,561</b>	<b>260,013</b>	<b>277,800</b>	<b>277,800</b>	<b>274,478</b>	<b>280,185</b>	<b>300,633</b>

## Section 12 - Allocations and grants made by the Municipality

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

Revenue cost of rebates given	Budget 2018/19 R '000	Indicative 2019/20 R '000	Indicative 2020/21 R '000
Indigent Support	1,380,000	1,454,520	1,534,518

## Section 13 – Councillor Allowances and employee benefits

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

Umzimvubu municipality's councillors' allowances are paid at a grade 3, and an increment of 6% has been effected on this 2017/18 budget. The budget for councillors' allowances has increased as the number of councillors has increased from 54 to 65 because of the incorporation of Traditional leaders.

Umzimvubu has employed 240 employees in order to carry out service delivery.

Summary of Employee and Councillor remuneration	2014/15	2015/16	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	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
R thousand	A	B	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>								
Basic Salaries and Wages	14,622	15,437	8,174	7,493	6,840	8,992	9,477	9,998
Pension and UIF Contributions	-	-	1,188	1,089	1,020	1,306	1,377	1,453
Medical Aid Contributions	-	-	293	269	348	322	340	358
Motor Vehicle Allowance	-	-	-	-	-	-	-	-
Cellphone Allowance	-	-	-	-	-	-	-	-

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Housing Allowances	-	-	4,891	4,483	4,051	5,380	5,670	5,982
Other benefits and allowances	-	-	1,598	1,465	1,422	1,758	1,853	1,955
<b>Sub Total - Councillors</b>	<b>14,622</b>	<b>15,437</b>	<b>16,144</b>	<b>14,798</b>	<b>13,681</b>	<b>17,758</b>	<b>18,717</b>	<b>19,746</b>
<b>% increase</b>		<b>5.6%</b>	-	<b>(8.3%)</b>	<b>(7.6%)</b>	<b>29.8%</b>	<b>5.4%</b>	<b>5.5%</b>
<b>Senior Managers of the Municipality</b>								
Basic Salaries and Wages	3,896	4,230	4,025	4,025	4,025	4,238	4,467	4,713
Pension and UIF Contributions	306	491	601	601	601	633	667	704
Medical Aid Contributions	47	121	148	148	148	156	164	173
Overtime	-	-	-	-	-	-	-	-
Performance Bonus	367	671	822	822	822	865	912	962
Motor Vehicle Allowance	980	999	1,223	1,223	1,223	1,287	1,357	1,432
Cellphone Allowance	-	-	-	-	-	-	-	-
Housing Allowances	837	691	846	846	846	891	939	990
Other benefits and allowances	264	348	426	426	426	448	473	499
Payments in lieu of leave	-	299	366	366	366	385	406	428
Long service awards	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>6,696</b>	<b>7,850</b>	<b>8,456</b>	<b>8,456</b>	<b>8,456</b>	<b>8,904</b>	<b>9,385</b>	<b>9,901</b>
<b>0</b>		<b>17.2%</b>	-	-	-	<b>5.3%</b>	<b>5.4%</b>	<b>5.5%</b>
<b>Other Municipal Staff</b>								
Basic Salaries and Wages	24,037	39,330	39,814	39,814	39,814	47,000	45,887	48,411
Pension and UIF Contributions	3,011	3,428	4,080	4,080	4,080	4,080	4,080	4,080
Medical Aid Contributions	2,061	6,953	7,358	7,358	7,358	7,358	7,358	7,358
Overtime	-	-	-	-	-	-	-	-
Performance Bonus	478	1,297	-	-	-	-	-	-
Motor Vehicle Allowance	2,805	2,617	3,203	3,203	3,203	3,203	3,203	3,203
Cellphone Allowance	269	-	-	-	-	-	-	-
Housing Allowances	1,241	2,160	2,644	2,644	2,644	2,644	2,644	2,644
Other benefits and allowances	3,057	3,213	2,780	2,780	2,780	2,780	2,780	2,780
Payments in lieu of leave	933	370	453	453	453	453	453	453
Long service awards	55	185	183	183	183	183	183	183
Post-retirement benefit obligations	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>	<b>37,948</b>	<b>59,553</b>	<b>60,514</b>	<b>60,514</b>	<b>60,514</b>	<b>67,701</b>	<b>66,587</b>	<b>69,111</b>
<b>0</b>		<b>56.9%</b>	-	-	-	<b>11.9%</b>	<b>(1.6%)</b>	<b>3.8%</b>
<b>Total Parent Municipality</b>	<b>59,266</b>	<b>82,841</b>	<b>85,114</b>	<b>83,768</b>	<b>82,651</b>	<b>94,363</b>	<b>94,689</b>	<b>98,759</b>
		<b>39.8%</b>	-	<b>(1.6%)</b>	<b>(1.3%)</b>	<b>14.2%</b>	<b>0.3%</b>	<b>4.3%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>59,266</b>	<b>82,841</b>	<b>85,114</b>	<b>83,768</b>	<b>82,651</b>	<b>94,363</b>	<b>94,689</b>	<b>98,759</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>44,644</b>	<b>67,403</b>	<b>68,970</b>	<b>68,970</b>	<b>68,970</b>	<b>76,605</b>	<b>75,972</b>	<b>79,012</b>



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

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

### **Monthly operating budget revenue and expenditure projections**

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

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

### **Monthly capital budget revenue and expenditure projections**

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

### **Monthly cash flow projections**

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

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

### **Adoption of the Service Delivery and Budget Implementation Plan**

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

### **Contents of the SDBIP**

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

### **SDBIP requirements**

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

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

1. Institutional Development and Transformation
2. Municipal Financial Viability and Management
3. Good Governance and Public Participation
4. Basic Service Delivery
5. Local Economic Development

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

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

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

## **Section 17 - Contracts having future budgetary implications**

'Supporting Table SA: Contract having future budgetary implications' Annexure 2 discloses all contracts which will impose financial obligations on the municipality beyond the three years covered in the annual budget. Since Umzimvubu falls in a category of municipalities with approved revenue of R300million, have no contracts beyond the three years covered in the annual budget.

## **Section 18 – Capital expenditure details**

Capital details are shown in the Annexure....

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

## **Section 19 – Legislation compliance status**

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

## **Municipal Finance Management Act – No 56 of 2003**

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

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

The various sections of the Act are phased in according designated financial management capacity of municipalities. Umzimvubu has been designated as medium capacity municipality. The MFMA the foundation of municipal financial management reforms which municipalities are implementing.

### **The MFMA and the budget**

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

#### The budget preparation process

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

#### Overview

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

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

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

#### Budget preparation timetable

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

#### Budget preparation and review of IDP and policy

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

The Mayor must ensure that the IDP review forms and integral part of the budget process and that any changes to strategic priorities as contained in the IDP have realistic projections of revenue and expenditure. In developing the budget, the management has to take account the National and Provincial, the National fiscal and macro-economic policy. The Mayor must consult with the district Council and all other local municipalities within the district as well as the relevant provincial treasury and other government departments.

#### Tabling of the Annual budget

The initial final budget must be tabled by the Mayor before Council for review by 31 May 2017.

### Publication of the Annual budget

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

### Opportunity to comment on the Annual budget

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

### Opportunity for the revision to Annual budget

After considering all views and submissions, Council must provide an opportunity for the Mayor to respond to the submissions received and if necessary to revise the budget and table amendments for Council consideration. Following the tabling of Annual budget at the end of May, the months of April and May should be used to accommodate public and government comment and make any revision that may be necessary. This may take form of public hearing, Council debates, formal and informal delegations to the National treasury, provincial treasury and other municipalities, or any other consultative forums designed to address stakeholders priorities

### Adoption of the annual budget

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

## **BUDGET IMPLEMENTATION**

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

The Municipal Manager must within 14 days of the approval of annual budget submit to the Mayor for approval SDBIP and dannual performance agreements for all pertinent senior staff.

An SDBIP is a detailed plan for implementing the delivery of municipal services contemplated in the annual budget and should indicate monthly revenue and expenditure projections and quarterly services delivery targets and performance indicators.

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

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

### Managing then implementation process

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

### Variation from budget estimates

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

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

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

### Revision of budget estimates – adjustment budget

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

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

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

### **Requirements of MFMA relating to annual budget and supporting documentation**

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

### **Other Legislation**

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

### The Division of Revenue Bill 2018 and Provincial Budget Announcements

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

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

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

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

- Chapter 4 and 5 relating to community participation and the requirements for the Integrated Development Plan process.
- Chapter 6 relates to performance management which links with the requirements for the budget to contain measurable performance objectives and quarterly performance targets in the Service Delivery and Budget Implementation Plan.
- Chapter 8 relates to the requirement to produce a tariff policy

## **Section 20 – Other supporting documents**

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

### **Annexure 1 – Main Budget Tables**

*Tables A1 to A10*

### **Annexure 2 – Supporting Budgets Tables**

*Supporting Tables SA1 to SA37*

### **Annexure 3 – Tariffs, Charges and Fees for 2017/18**

### **Annexure 4**

*Municipal Budget Circular for the 2018/19 MTREF – MFMA Circular 91*

### **Annexure 5**

*Process Plan 2019/120*

### **Annexure 6 – Budget Related Policies**