



UMZIMVUBU
— LOCAL MUNICIPALITY —

Annual Budget [EC442]

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

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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 BUDGET

Mr Speaker
EXCO Members
Chief Whip & Whippers
Councillors
Management & Staff
Media Coops
Members of the Public in the gallery
Ladies and Gentlemen

I am bringing you warm greetings from the collective of the Executive Committee, over which I am privileged to preside. Outlining the guiding principles and objectives of the new entity, the African Union, former President Mbeki had this to say:

“... The first task is to achieve unity, solidarity, cohesion, cooperation among the people of Africa and African states. We must build all the institutions necessary to deepen political, economic and social integration of the African Continent. We must deepen the culture of collective action in Africa and in our relations with the rest of the world.”

Mr Speaker, over the last few days a number of significant developments have taken place in the political and government landscape of our country. In this regard I would like to refer to a few of these latest developments. All these activities and programmes of our young democracy seek to confirm that South Africa is making a significant progress in terms of deepening democracy and the culture of human rights. Consistent with our resolve of ensuring compliance with the dictates and imperatives of legislation will have to embarked on an IDP/Budget Roadshow for the 2015/2016 Financial Year in each of the 27 Wards of the Umzimvubu Municipality.

In this regard section 24(1) of the Municipal Finance Management Act N0. 56 of 2003 requires that we must table the Municipal Budget to Council for approve on or before 31 March 2015. It is for reason that I am pleased that today we are tabling the draft budget for 2015/2016 Financial Year.

I am confident that working together with our community we can move South Africa forward.

However, it is a fact and not an opinion that the community needs often far exceed the resources at our disposal. It was for this reason that we had to embark on such an extensive outreach programme so that working together with our community in moving South Africa forward we can build a better life for all by doing a breakdown and needs analysis within available resources. In accordance with our old tradition and in pursuance of our IDP the greater chunk of our revenue goes to infrastructural development projects.

Accordingly, a sum of R32, 5 m has been set aside for internal funding of Capital Projects.

Consequent to our good track record on spending, our MIG Allocation for 2015/2016 Financial Year shows an increase of 3, 5% from the previous financial year. This is true because in 2014/2015 our MIG was R43 294 000 (R43, 2 million) and it is now R44 864 000 (R44, 4 million) for the 2015/2016 Financial Year. In monetary terms this 3, 5% translates into R1 570 000 (R1, 5 million) increase.

We are pleased to report that this allocation will find its way to the construction of social facilities like the sports field and MPCC within the 2010 Fifa World Cup Legacy Project located at Mount Ayliff Stadium as well as the roads and bridges. In pushing back the frontiers of poverty and broadening access to the economic services we have set aside a sum of R2 000 000 (R2, 0 million) for the Economic Infrastructure.

It is through this vote that we will do paving at the Phuthi Car Wash and Restaurant as well as the Ntentyana Picnic Facility. Mr Speaker, on behalf of the Executive Committee I am going to table to Council for approval the draft Integrated Development Plan (IDP), Tariff Structure and Draft Budget for the 2015/2016

In terms of the 2015/2016 Financial Year, I must say that the IDP and Budget remain our statement of commitment to fight poverty and build a better life for our communities to the best of our ability. The Accounting Officer and or the CFO will give full details, however, I must quickly make the following highlights:

PERSONNEL

R70 955 333.00

We are setting aside a sum of R70, 9m so that we can discharge and execute the programmes of the ULM.

EXCO OUTREACH PROGRAMME

R500 000. 00

Guided by the principle of the enhancement of community participation we have set aside a sum of R500 000 for purposes of holding community meetings in the form of IDP and Budget Imbizo.

SP EVENTS AND PROGRAMMES

R584 100. 00

For purposes of commemorating and celebrating the calendar events we are budgeting R584 100.00

INDIGENT SUPPORT

R1 594 500. 00

We have increased the Indigent Support from R1, 500 000 in 2014/2015 to R1 594 500. 00 (R1, 5 million) in the next financial year so that we can subsidise the rate payers and residents who cannot afford to pay for the services rendered by the municipality.

CLEANING SERVICES

R500 000. 00

A sum of R500 000 has been set aside for the purchase of cleaning material and utensils in order to maintain a healthy and inspiring work environment.

LEGAL FEES

R1 128 906. 00

A sum of R1 million will be utilised for professional costs in respect of legal matters the municipality may itself involved in.

SMME DEVELOPMENT

R700 000. 00

In expanding our economic development initiatives we want to develop the small enterprises and we will do this at a cost of R700 000. 00

STRATEGIC PLANNING AND TEAM BUILDING

R650 000. 00

Almost all scholars share the same view that staff motivation is one of the key anchors for good production. In order to keep a happy labour force to ensure productivity in order to propel forward the strategic direction of the ULM we are allocating a sum of R650 000. 00 for the above vote.

FINANCIAL MANAGEMENT GRANT (FMG)

R1 600 000. 00

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

WASTE MANAGEMENT

R2 157 146. 00

We have budgeted R2, 1 million so that we are able to remain compliant with the imperatives of the National Environmental Management Act.

EXPANDED PUBLIC WORKS PROGRAMME

R1 737 000. 00

It is through this programme that we continue to create job opportunities for our communities. Accordingly, we have set aside R1, 7 million for this programme.

FREE BASIC SERVICES

R2 822 265. 00

A sum of R2, 8 million has been set aside for this purpose so that the poorest of the poor can now say “...today is better than yesterday and tomorrow will be better that today.”

Mr Speaker, Councillors, Ladies and Gentlemen it is my privilege that I am presenting to Council the 2015/2016 Budget whose major sources can be summarised as follows:

ANNUAL BUDGET INCOME FOR 2015/2016 FINANCIAL YEAR

BUDGETED INCOME FOR 2015/16 FINANCIAL YEAR

Grants and Subsidies: Operational

Equitable Share	169,767,000
Finance Management Grant	1,600,000
Municipal System Improvement Grant	930,000
EPWP	1,737,000
Other Grants(Dedeia, Small towns, LED etc)	2,612,000

Grants and Subsidies: Capital

MIG	45,277,000
Integrated Electrification	33,000,000
Other Grants	250,000

TOTAL GRANTS AND SUBSIDIES **254,923,000**

OWN REVENUE (PRIMARY INCOME)

Primary Income (Own Revenue)

Property Rates	10,430,000
Refuse Removal	2,000,000

Secondary (Own Revenue)

Traffic Fines	4,242,477
Drivers & Learners Licenses	2,500,000
Vehicle Registration	1,200,000
Vehicle testing station	114,730
Interest on Current Account	834,400
Interest on Investments	1,408,050

Other (Pound Fees, Rental of Building and Hall, Building Plans, Trading licences, Proceeds on sale of assets, VAT, Towing Fees, etc.) 22,017,219

Total Own Revenue **44,746,876**

TOTAL REVENUE BUDGET **299,669,876**

BUDGET EXPENDITURE FOR 2014/2015 FINANCIAL YEAR

Personnel Expenditure	53,544,490
Councillors and Traditional Leaders Allowances	17,410,843
Operating Expenditure	178,729,903
Grants & Subsidies	4,267,000
Repairs & Maintenance	3,766,463
Capital Expenditure	85,903,588

TOTAL OPERATING & CAPITAL EXPENDITURE **343,535,287**

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

Budget & Treasury	R 1 800 000
Corporate Services	R 2 512 600
Council	R 50 000
Infrastructure	R75 064 000
Municipal Manager	R 72 578
Local Economic Development	R 1 100 000
SP & Communication	R 630 000
Citizen& Community Services	R 31 890
Waste Management Services	R 1 692 520
Traffic Management Services	R 1 750 000

It is through this budget that we will deliver services to the community of Umzimvubu Municipality. Mr Speaker and Councillors you will recall that the municipality had embarked for some time on a protracted process of relocation of the SAPS offices (charge office) for the purposes of construction of Mount Frere Bus and Taxi Rank.

Working together with my capable team of Mr Ntonga, our Infrastructure Manager and Mr Nota, the Accounting Officer, we have ultimately made a breakthrough. As a consequence of the tremendous amount of work done by these managers on behalf of this organisation we can now walk tall with pride and dignity. Consequent to the victory of this protracted struggle, I am now particularly honoured to report that the national Department of Public Works has finally granted Permission to Occupy and Build on Erf 209, Extent 6 306 m² and Erven 180, 182 & 183 with collective Extent of 8 148 m². It is important to note that this would not have been achieved without the express approval of the Department of Rural Development and Land Reform, the official custodians of land in the Republic, under the new and current administration. Accordingly, the said department has now assigned all powers and duties to the Department of Public Works for the exchange of Erf 209, Mt Frere for an appropriate portion of Erf 351, Mt Frere. This exchange now enables the relocation of the said property(s) for the sole purpose of constructing the much-needed bus and taxi rank. In terms of this latest and exciting development we are now confident that the Mt Frere Development Consortium (PG Mavundla Projects (Pty) Ltd, Lingomso Shuttling & Multipurpose, Mt Frere Taxi Association and Zwelinzima Property Developers (Pty) Ltd) will immediately start with the construction in earnest for the realisation of the Mount Frere Municipal Multi Purpose Rank. We, the Umzimvubu Local Municipality, have played our part in full and are now handing over the baton to the Consortium to implement the terms of reference as visualised in their concept document.

I take this opportunity to wish them all of the best.

With those few words I thank you very much.

Section 2 – Annual Budget Related Resolutions

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

RESOLVED:-

[a] That the annual draft budget of Umzimvubu Local Municipality for the financial year 2015/2016; and indicative for the two projected years 2016/17 and 2017/18

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

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

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

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

1.5 **Table A6:** Budgeted Financial Position

1.6 **Table A7:** Budgeted Cash Flows

1.7 **Table A8:** Cash backed Reserves

1.8 **Table A9:** Asset Management

[b] Tariffs and charges reflected in **Annexure 3** are approved for the financial year 2015/2016

[c] Council notes the amended Integrated Development Plan adopted on the March 2015 reflected as summarised in **Section 6**

[d] The budget related policies as summarised in **Section 8** are approved for budget year 2015/16

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 budget, but however Circular 72 was issued as advisor to municipalities.

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

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

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

The preparation of this budget document evolved the making of critical policy decisions and key strategies and policy directions that were given by the Executive Committee over the past months. A 'baseline' budgets was developed in consultation with the Executive and formed the basis for operating budget discussions. These were given to the Managers to review and revise within given guidelines. These revised baseline budgets returned by the managers then formed the basis for the draft budget which is now which will be approved by the end of March 2015

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.

Description	ADJUSTMENT BUDGET 2014/15	2015/16 PROPOSED ANNUAL BUDGET	2016/17 BUDGET - INDICATIVE	2017/18 BUDGET - INDICATIVE
Revenue	-288,894,651	-299,598,826	-297,267,865	-
Operating Budget	244,630,348	257,718,699	131,707,129	138,819,314
Capital Budget	102,560,303	85,903,588	165,247,174	174,170,521

Operational Revenues are anticipated to reach R 299 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 2015/16 are estimated to total R85 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 R10,430,000
- Rates and tariffs in most cases contain proposed increases.
 - Rates 4.3% increase
 - Refuse Collection 4.3% increase
- The Equitable Share Allocation from the National Treasury is R167 million.

Operating Expenditures

- Employee salaries and related expenses are increased by the level indicated by correspondence from SALGA and CPIX. This amount to a 6.3% increase in 2015/16. In addition, all positions are budgeted to be filled for the entire year. Council allowances are also budgeted to increase by 6.3% .The salary bill makes up 34% 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 637,000 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 4.4 million

Capital Budget

The capital budget reflected in this document utilizes actually anticipated revenues and cash forward to fund the budgeted expenditures of R85 million. The portion includes the MIG grant (R43million), 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 R30.1million) are funded by conditional grants that specify exactly what the money can be expended on.

Effect of the annual budget

The annual budget for 2015/16 to 2017/18 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 70 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 2014/15 financial year, this has been informed by our collection trends or actuals for 2014/15 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 4.3% 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. 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. However, Circular 72 recommendations concerning this service have been taken into account and action plans have been formulated by the concerned department.

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

Section 4 - Annual Budget Tables

The intention of this Section is two-fold

Firstly, the following tables form the basis of the Council resolution approving the annual draft budget for 2015/2016:

- 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	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	9 089	10 756	8 458	10 000	10 000	10 000	10 000	10 430	11 004	11 609
Service charges	2 007	2 117	1 326	2 500	2 500	2 500	2 500	2 000	2 110	2 226
Investment revenue	2 128	2 251	3 173	1 900	2 150	2 150	2 150	2 242	2 366	2 496
Transfers recognised - operational	92 488	106 199	156 962	141 432	168 766	168 766	168 766	179 115	177 960	172 038
Other own revenue	7 408	8 322	16 503	25 341	26 785	26 786	26 786	29 606	30 313	31 980
	113 120	129 645	186 422	181 173	210 201	210 202	210 202	223 394	223 753	220 349
Total Revenue (excluding capital transfers and contributions)										
Employee costs	33 940	39 573	45 599	52 557	67 403	67 403	67 403	53 544	56 489	59 596
Remuneration of councillors	13 113	13 220	13 848	14 758	16 623	16 623	16 623	17 411	18 368	19 379
Depreciation & asset impairment	29 181	32 018	30 206	31 860	35 000	35 000	35 000	45 705	48 219	50 871
Finance charges	664	972	1 915	2 021	2 021	2 021	2 021	2 000	2 110	2 226
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	2 459	2 459	2 459	2 459	4 417	4 660	4 916
Other expenditure	56 179	87 153	75 215	84 142	111 123	111 124	111 124	136 642	144 157	152 059
Total Expenditure	133 076	172 936	166 784	187 797	234 630	234 630	234 630	259 718	274 003	289 046
Surplus/(Deficit)	(19 956)	(43 291)	19 639	(6 624)	(24 429)	(24 429)	(24 429)	(36 325)	(50 250)	(68 697)
Transfers recognised - capital	22 550	57 682	60 066	68 294	68 294	68 294	68 294	78 277	76 584	79 163
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
	2 594	14 391	79 705	61 670	43 865	43 865	43 865	41 952	26 334	10 466
Surplus/(Deficit) after capital transfers & contributions										
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 594	14 391	79 705	61 670	43 865	43 865	43 865	41 952	26 334	10 466
Capital expenditure & funds sources										
Capital expenditure	72 563	63 825	79 704	80 424	100 360	100 360	100 360	85 903	90 537	95 516
Transfers recognised - capital	51 275	50 157	60 373	80 424	89 069	89 069	89 069	54 864	56 207	59 299
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	21 288	13 668	19 331	-	11 291	11 291	11 291	32 540	34 330	36 218
Total sources of capital funds	72 563	63 825	79 704	80 424	100 360	100 360	100 360	85 903	90 537	95 516
Financial position										
Total current assets	36 680	54 696	64 469	69 187	66 639	66 639	66 639	66 639	66 639	66 639
Total non current assets	228 356	243 851	410 359	263 246	263 246	263 246	263 246	263 246	263 246	263 246
Total current liabilities	13 020	37 864	34 742	33 055	33 055	33 055	33 055	33 055	33 055	33 055
Total non current liabilities	7 063	10 578	39 996	28 164	28 164	28 164	28 164	11 413	11 413	11 413
Community wealth/Equity	244 953	250 105	400 090	271 214	268 666	268 666	268 666	285 416	285 416	285 416
Cash flows										
Net cash from (used) operating	48 525	62 446	73 881	105 161	93 687	93 687	93 687	113 208	101 509	89 776
Net cash from (used) investing	(43 299)	(47 239)	(130 503)	(80 161)	(99 920)	(99 920)	(99 920)	(84 717)	(89 376)	(94 292)
Net cash from (used) financing	(291)	(319)	49 651	(17 626)	(17 626)	(17 626)	(17 626)	(25 000)	(25 000)	-
Cash/cash equivalents at the year end	34 559	49 447	42 477	56 885	19 191	19 191	19 191	45 968	33 101	28 584

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Cash backing/surplus reconciliation										
Cash and investments available	34 560	49 512	42 476	63 706	63 706	63 706	63 706	63 706	63 706	63 706
Application of cash and investments	9 885	36 066	12 300	10 517	13 106	13 106	13 106	14 750	14 739	14 739
Balance - surplus (shortfall)	24 674	13 446	30 177	53 189	50 600	50 600	50 600	48 956	48 967	48 967
Asset management										
Asset register summary (WDV)	228 338	243 833	396 607	263 228	263 228	263 228	263 228	263 228	263 228	263 228
Depreciation & asset impairment	29 181	32 018	30 206	31 860	35 000	35 000	45 705	45 705	48 219	50 871
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	5 431	2 366	2 323	3 495	2 606	3 377	4 007	4 007	4 228	4 460
Free services										
Cost of Free Basic Services provided	-	-	-	3 132	3 132	3 132	4 155	4 155	4 244	19 560
Revenue cost of free services provided	15	15	15	3 147	3 147	3 147	4 170	4 170	4 259	1 971
Households below minimum service level										
Water:	12	12	12	12	12	12	12	12	12	12
Sanitation/sewerage:	28	28	28	28	28	28	28	28	28	28
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	184	184	184	182	182	182	178	178	171	167

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

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
Governance and administration		107 613	127 468	140 367	170 559	173 713	173 714	207 238	200 710	194 406
Executive and council		150	150	152	650	-	-	413	436	460
Budget and treasury office		107 184	127 075	140 037	169 518	173 560	173 561	206 668	200 110	193 772
Corporate services		279	244	177	391	153	153	156	165	174
Community and public safety		5 025	2 825	11 758	5 246	4 827	4 827	4 058	4 281	4 517
Community and social services		1 041	(1 310)	1 868	152	307	307	321	339	358
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		3 984	4 136	9 890	5 094	4 520	4 520	3 737	3 943	4 159
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		21 025	54 372	86 067	70 913	95 612	95 612	81 890	86 394	91 145
Planning and development		2 033	392	1 788	340	4 512	4 512	2 831	2 987	3 151
Road transport		18 992	53 980	84 279	70 572	91 100	91 100	79 059	83 407	87 994
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		2 007	2 662	8 297	2 750	4 343	4 343	8 485	8 952	9 444
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 007	2 662	8 297	2 750	4 343	4 343	8 485	8 952	9 444
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	135 670	187 327	246 488	249 467	278 495	278 496	301 671	300 337	299 512
Expenditure - Standard										
Governance and administration		97 474	114 710	105 649	126 866	146 714	146 714	171 327	180 750	190 664
Executive and council		32 501	35 532	37 525	41 699	44 156	44 156	47 357	49 961	52 709
Budget and treasury office		51 632	64 821	53 150	68 847	86 738	86 738	105 474	111 275	117 368
Corporate services		13 341	14 358	14 975	16 319	15 820	15 820	18 496	19 513	20 587
Community and public safety		10 627	12 152	21 219	17 648	18 280	18 280	18 591	19 614	20 692
Community and social services		2 838	2 545	6 580	2 479	3 294	3 294	3 112	3 283	3 463
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		7 788	9 607	14 638	15 169	14 986	14 986	15 480	16 331	17 229
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		17 136	35 880	27 619	30 574	56 730	56 730	56 055	59 138	62 390
Planning and development		4 010	5 888	9 633	14 132	15 138	15 138	15 682	16 545	17 455
Road transport		13 127	29 992	17 986	16 442	41 592	41 592	40 373	42 593	44 936
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		7 839	10 195	12 297	12 709	12 906	12 906	13 745	14 501	15 299
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7 839	10 195	12 297	12 709	12 906	12 906	13 745	14 501	15 299
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	133 076	172 936	166 784	187 797	234 630	234 630	259 718	274 003	289 046
Surplus/(Deficit) for the year		2 594	14 391	79 705	61 670	43 865	43 865	41 952	26 334	10 466

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

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Vote 1 - Executive and Council		150	150	152	650	-	-	413	436	460
Vote 2 - Budget and Treasury		107 184	127 075	140 037	169 518	173 560	173 561	206 668	200 110	193 772
Vote 3 - Corporate Services		279	244	177	391	153	153	156	165	174
Vote 4 - Local Economic Development		2 033	392	1 788	340	4 512	4 512	2 831	2 987	3 151
Vote 5 - Infrastructure and Planning		18 992	53 980	84 279	70 572	91 100	91 100	79 059	83 407	87 994
Vote 6 - Community and Social Services		1 041	(1 310)	1 868	152	307	307	321	339	358
Vote 7 - Public Safety		3 984	4 136	9 890	5 094	4 520	4 520	3 737	3 943	4 159
Vote 8 - Waste Management		2 007	2 662	8 297	2 750	4 343	4 343	8 485	8 952	9 444
Total Revenue by Vote	2	135 670	187 327	246 488	249 467	278 495	278 496	301 671	300 337	299 512
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		32 501	35 532	37 525	41 699	44 156	44 156	47 357	49 961	52 709
Vote 2 - Budget and Treasury		51 632	64 821	53 150	68 847	86 738	86 738	105 474	111 275	117 368
Vote 3 - Corporate Services		13 341	14 358	14 975	16 319	15 820	15 820	18 496	19 513	20 587
Vote 4 - Local Economic Development		4 010	5 888	9 633	14 132	15 138	15 138	15 682	16 545	17 455
Vote 5 - Infrastructure and Planning		13 127	29 992	17 986	16 442	41 592	41 592	40 373	42 593	44 936
Vote 6 - Community and Social Services		2 838	2 545	6 580	2 479	3 294	3 294	3 112	3 283	3 463
Vote 7 - Public Safety		7 788	9 607	14 638	15 169	14 986	14 986	15 480	16 331	17 229
Vote 8 - Waste Management		7 839	10 195	12 297	12 709	12 906	12 906	13 745	14 501	15 299
Total Expenditure by Vote	2	133 076	172 936	166 784	187 797	234 630	234 630	259 718	274 003	289 046
Surplus/(Deficit) for the year	2	2 594	14 391	79 705	61 670	43 865	43 865	41 952	26 334	10 466

Table A4 – Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source	1										
Property rates	2	9 089	10 756	8 458	10 000	10 000	10 000	10 000	10 430	11 004	11 609
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 007	2 117	1 326	2 500	2 500	2 500	2 500	2 000	2 110	2 226
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		885	1 534	1 804	1 404	1 509	1 509	1 509	1 438	1 517	1 600
Interest earned - external investments		2 128	2 251	3 173	1 900	2 150	2 150	2 150	2 242	2 366	2 496
Interest earned - outstanding debtors		428	1 139	1 139	1 300	998	998	998	1 460	1 541	1 625
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		778	438	7 011	800	400	400	400	4 242	4 476	4 722
Licences and permits		2 161	2 110	2 681	2 557	2 400	2 400	2 400	2 500	2 638	2 783
Agency services		1 072	1 295	1 393	1 310	1 310	1 310	1 310	1 315	1 387	1 463
Transfers recognised - operational		92 488	106 199	156 962	141 432	168 766	168 766	168 766	179 115	177 960	172 038
Other revenue	2	2 084	1 765	2 078	17 708	17 728	17 728	17 728	17 551	17 595	18 562
Gains on disposal of PPE		-	41	397	262	2 441	2 441	2 441	1 100	1 161	1 224
Total Revenue (excluding capital transfers and contributions)		113 120	129 645	186 422	181 173	210 201	210 202	210 202	223 394	223 753	220 349
Expenditure By Type	2										
Employee related costs	2	33 940	39 573	45 599	52 557	67 403	67 403	67 403	53 544	56 489	59 596
Remuneration of councillors		13 113	13 220	13 848	14 758	16 623	16 623	16 623	17 411	18 368	19 379
Debt impairment	3	7 732	6 473	3 928	11 894	23 696	23 696	23 696	30 000	31 650	33 391
Depreciation & asset impairment	2	29 181	32 018	30 206	31 860	35 000	35 000	35 000	45 705	48 219	50 871
Finance charges		664	972	1 915	2 021	2 021	2 021	2 021	2 000	2 110	2 226
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		639	2 139	5 646	1 530	1 530	1 530	1 530	16 623	17 538	18 475
Transfers and grants		-	-	-	2 459	2 459	2 459	2 459	4 417	4 660	4 916

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Other expenditure	4, 5	47 786	75 956	65 317	70 718	85 798	85 798	85 798	90 018	94 969	100 192
Loss on disposal of PPE		22	2 585	325		99	100	100			
Total Expenditure		133 076	172 936	166 784	187 797	234 630	234 630	234 630	259 718	274 003	289 046
Surplus/(Deficit)		(19 956)	(43 291)	19 639	(6 624)	(24 429)	(24 429)	(24 429)	(36 325)	(50 250)	(68 697)
Transfers recognised - capital	6	22 550	57 682	60 066	68 294	68 294	68 294	68 294	78 277	76 584	79 163
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		2 594	14 391	79 705	61 670	43 865	43 865	43 865	41 952	26 334	10 466
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		2 594	14 391	79 705	61 670	43 865	43 865	43 865	41 952	26 334	10 466
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		2 594	14 391	79 705	61 670	43 865	43 865	43 865	41 952	26 334	10 466
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		2 594	14 391	79 705	61 670	43 865	43 865	43 865	41 952	26 334	10 466

Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		3 251	2 949	-	-	-	-	-	-	-	-
Vote 7 - Public Safety		7 421	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	10 672	2 949	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	853	-	840	1 893	1 893	1 893	753	794	838
Vote 2 - Budget and Treasury		670	613	-	1 300	1 400	1 400	1 400	1 800	1 899	2 003
Vote 3 - Corporate Services		1 491	552	-	4 240	4 300	4 300	4 300	2 513	2 651	2 797
Vote 4 - Local Economic Development		1 928	5 022	-	5 126	1 550	1 550	1 550	1 100	1 161	1 224
Vote 5 - Infrastructure and Planning		52 811	52 087	79 704	62 447	88 297	88 297	88 297	76 177	80 367	84 787
Vote 6 - Community and Social Services		29	29	-	30	30	30	30	32	34	35
Vote 7 - Public Safety		4 912	1 142	-	2 851	2 101	2 101	2 101	1 750	1 846	1 948
Vote 8 - Waste Management		50	577	-	3 590	2 790	2 790	2 790	1 693	1 786	1 884
Capital single-year expenditure sub-total		61 891	60 876	79 704	80 423	102 361	102 361	102 361	85 903	90 537	95 516
Total Capital Expenditure - Vote		72 563	63 825	79 704	80 423	102 361	102 361	102 361	85 903	90 537	95 516
Capital Expenditure - Standard											
Governance and administration		-	-	-	5 680	6 392	6 392	6 392	4 488	4 735	4 996
Executive and council		-	-	-	140	692	692	692	123	129	136
Budget and treasury office		-	-	-	1 300	1 400	1 400	1 400	1 800	1 899	2 003
Corporate services		-	-	-	4 240	4 300	4 300	4 300	2 566	2 707	2 856
Community and public safety		-	-	-	3 581	3 331	3 331	3 331	4 104	4 330	4 568
Community and social services		-	-	-	730	1 230	1 230	1 230	2 354	2 484	2 621
Public safety		-	-	-	2 851	2 101	2 101	2 101	1 750	1 846	1 948
Economic and environmental services		61 891	63 825	79 704	67 573	87 847	87 847	87 847	76 524	80 733	85 173
Planning and development		-	-	-	5 126	1 550	1 550	1 550	1 100	1 161	1 224
Road transport		61 891	63 825	79 704	62 447	86 297	86 297	86 297	75 424	79 572	83 949
Trading services		10 672	-	-	3 590	2 790	2 790	2 790	700	739	779
Electricity		10 672	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	3 590	2 790	2 790	2 790	700	739	779
Total Capital Expenditure - Standard	3	72 563	63 825	79 704	80 424	100 360	100 360	100 360	85 903	90 537	95 516
Funded by:											
National Government		40 603	38 065	60 373	80 424	68 294	68 294	68 294	52 864	56 207	59 299
Provincial Government		10 672	12 092	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	20 775	20 775	20 775	20 775	-	-	-
Transfers recognised - capital	4	51 275	50 157	60 373	80 424	89 069	89 069	89 069	52 864	56 207	59 299
Internally generated funds		21 288	13 668	19 331	-	11 291	11 291	11 291	32 540	34 330	36 218
Total Capital Funding	7	72 563	63 825	79 704	80 424	100 360	100 360	100 360	85 903	90 537	95 516

Table A6 – Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Current assets											
Cash		5 195	1		32 235	32 235	32 235	32 235	32 235	32 235	32 235
Call investment deposits	1	29 365	49 511	42 476	31 471	31 471	31 471	31 471	31 471	31 471	31 471
Consumer debtors	1	105	82	4 263	3 479	931	931	931	931	931	931
Other debtors		1 406	4 361	17 230	1 437	1 437	1 437	1 437	1 437	1 437	1 437
Current portion of long-term receivables		84	107	121	113	113	113	113	113	113	113
Inventory	2	526	635	378	452	452	452	452	452	452	452
Total current assets		36 680	54 696	64 469	69 187	66 639	66 639	66 639	66 639	66 639	66 639
Non current assets											
Long-term receivables											
Investments											
Investment property		29 922	29 922	20 412	29 922	29 922	29 922	29 922	29 922	29 922	29 922
Investment in Associate											
Property, plant and equipment	3	197 521	212 914	388 551	230 935	230 935	230 935	230 935	230 935	230 935	230 935
Agricultural											
Biological											
Intangible		895	997	1 379	2 371	2 371	2 371	2 371	2 371	2 371	2 371
Other non-current assets		18	18	18	18	18	18	18	18	18	18
Total non current assets		228 356	243 851	410 359	263 246	263 246	263 246	263 246	263 246	263 246	263 246
TOTAL ASSETS		265 036	298 547	474 828	332 433	329 885	329 885	329 885	329 885	329 885	329 885
LIABILITIES											
Current liabilities											
Bank overdraft	1	-									
Borrowing	4	319	349	17 593	15 863	15 863	15 863	15 863	15 863	15 863	15 863
Consumer deposits											
Trade and other payables	4	12 567	37 443	17 015	17 119	17 119	17 119	17 119	17 119	17 119	17 119
Provisions		134	73	135	73	73	73	73	73	73	73
Total current liabilities		13 020	37 864	34 742	33 055	33 055	33 055	33 055	33 055	33 055	33 055
Non current liabilities											
Borrowing		937	588	32 995	17 375	17 375	17 375	17 375	625	625	625
Provisions		6 127	9 989	7 001	10 789	10 789	10 789	10 789	10 789	10 789	10 789
Total non current liabilities		7 063	10 578	39 996	28 164	28 164	28 164	28 164	11 413	11 413	11 413
TOTAL LIABILITIES		20 083	48 442	74 739	61 219	61 219	61 219	61 219	44 469	44 469	44 469
NET ASSETS	5	244 953	250 105	400 090	271 214	268 666	268 666	268 666	285 416	285 416	285 416
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		10 826	(1 812)	94 096	19 297	16 749	16 749	16 749	33 500	33 500	33 500
Reserves	4	234 127	251 917	305 994	251 917	251 917	251 917	251 917	251 917	251 917	251 917
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	244 953	250 105	400 090	271 214	268 666	268 666	268 666	285 416	285 416	285 416

Table A7 - Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		32 856	6 557	5 679	36 279	33 570	33 570	33 570	8 866	9 353	9 868
Service charges		-	810	3 120	-	-	-	-	1 700	1 794	1 892
Other revenue		-	4 308	3 453	-	-	-	-	25 561	26 046	27 478
Government - operating	1	92 500	163 881	135 663	141 431	145 992	145 992	145 992	179 115	177 960	172 038
Government - capital	1	22 259	21 824	60 373	68 294	91 068	91 068	91 068	78 277	76 584	79 163
Interest		2 556	2 367	3 876	3 200	3 550	3 550	3 550	3 703	3 906	4 121
Dividends									-	-	-
Payments											
Suppliers and employees		(97 558)	(105 969)	(132 673)	(139 463)	(175 913)	(175 913)	(175 913)	(177 597)	(187 364)	(197 642)
Finance charges		(664)	(256)	(1 915)	(21)	(21)	(21)	(21)	(2 000)	(2 110)	(2 226)
Transfers and Grants	1	(3 423)	(31 075)	(3 696)	(4 559)	(4 559)	(4 559)	(4 559)	(4 417)	(4 660)	(4 916)
NET CASH FROM/(USED) OPERATING ACTIVITIES		48 525	62 446	73 881	105 161	93 687	93 687	93 687	113 208	101 509	89 776
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			36	3 526	262	2 440	2 440	2 440	1 100	1 161	1 224
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(43 299)	(47 275)	(134 029)	(80 423)	(102 360)	(102 360)	(102 360)	(85 817)	(90 537)	(95 516)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(43 299)	(47 239)	(130 503)	(80 161)	(99 920)	(99 920)	(99 920)	(84 717)	(89 376)	(94 292)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing				50 000					-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(291)	(319)	(349)	(17 626)	(17 626)	(17 626)	(17 626)	(25 000)	(25 000)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(291)	(319)	49 651	(17 626)	(17 626)	(17 626)	(17 626)	(25 000)	(25 000)	-
NET INCREASE/ (DECREASE) IN CASH HELD		4 935	14 889	(6 971)	7 374	(23 859)	(23 859)	(23 859)	3 491	(12 867)	(4 516)
Cash/cash equivalents at the year begin:	2	29 624	34 559	49 447	49 511	43 050	43 050	43 050	42 476	45 968	33 101
Cash/cash equivalents at the year end:	2	34 559	49 447	42 477	56 885	19 191	19 191	19 191	45 968	33 101	28 584

Table A8 – Cash backed reserves/ accumulated surplus

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	34 559	49 447	42 477	56 885	19 191	19 191	19 191	45 968	33 101	28 584
Other current investments > 90 days		1	64	(0)	6 821	44 515	44 515	44 515	17 739	30 606	35 122
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		34 560	49 512	42 476	63 706	63 706	63 706	63 706	63 706	63 706	63 706
Application of cash and investments											
Unspent conditional transfers		1 737	23 567	2 575	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	8 148	12 499	9 724	10 517	13 106	13 106	13 106	14 750	14 739	14 739
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		9 885	36 066	12 300	10 517	13 106	13 106	13 106	14 750	14 739	14 739
Surplus(shortfall)		24 674	13 446	30 177	53 189	50 600	50 600	50 600	48 956	48 967	48 967

Table A9 – Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	72 563	63 825	79 704	80 423	102 361	102 361	85 817	90 537	95 516
<i>Infrastructure - Road transport</i>		61 891	60 876	79 704	60 749	60 749	60 749	67 277	70 977	74 881
<i>Infrastructure - Electricity</i>		-	-	-	-	22 774	22 774	8 000	8 440	8 904
Infrastructure		61 891	60 876	79 704	60 749	83 523	83 523	75 277	79 417	83 785
Community		10 672	2 949	-	2 250	2 001	2 001	2 400	2 532	2 671
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	15 724	15 137	15 137	7 780	8 208	8 659
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	1 700	1 700	1 700	359	379	400
Total Capital Expenditure	4									
<i>Infrastructure - Road transport</i>		61 891	60 876	79 704	60 749	60 749	60 749	67 277	70 977	74 881
<i>Infrastructure - Electricity</i>		-	-	-	-	22 774	22 774	8 000	8 440	8 904
Infrastructure		61 891	60 876	79 704	60 749	83 523	83 523	75 277	79 417	83 785
Community		10 672	2 949	-	2 250	2 001	2 001	2 400	2 532	2 671
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	15 724	15 137	15 137	7 780	8 208	8 659
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	1 700	1 700	1 700	359	379	400
TOTAL CAPITAL EXPENDITURE - Asset class	2	72 563	63 825	79 704	80 423	102 361	102 361	85 817	90 537	95 516
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Infrastructure - Road transport</i>		197 521	212 914	374 817	230 935	230 935	230 935	230 935	230 935	230 935
<i>Infrastructure - Electricity</i>										
<i>Infrastructure - Water</i>										
<i>Infrastructure - Sanitation</i>										
<i>Infrastructure - Other</i>										
Infrastructure		197 521	212 914	374 817	230 935	230 935	230 935	230 935	230 935	230 935
Community										
Heritage assets										
Investment properties		29 922	29 922	20 412	29 922	29 922	29 922	29 922	29 922	29 922
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		895	997	1 379	2 371	2 371	2 371	2 371	2 371	2 371
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	228 338	243 833	396 607	263 228	263 228	263 228	263 228	263 228	263 228
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		29 181	32 018	30 206	31 860	35 000	35 000	45 705	48 219	50 871
Repairs and Maintenance by Asset Class	3	5 431	2 366	2 323	3 495	2 606	3 377	4 007	4 228	4 460
<i>Infrastructure - Road transport</i>		2 863	727	1 043	600	600	600	638	673	710
<i>Infrastructure - Electricity</i>		-	-	-	600	600	600	597	630	665
Infrastructure		2 863	727	1 043	1 200	1 200	1 200	1 235	1 303	1 375
Community		546	750	473	771	-	771	1 035	1 092	1 152
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	2 021	889	807	1 524	1 406	1 406	1 737	1 832	1 933
TOTAL EXPENDITURE OTHER ITEMS		34 612	34 384	32 529	35 355	37 606	38 377	49 712	52 446	55 331

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 draft budget for 2015/16 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 2014/15 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 2015/16

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 2014, which the draft annual budget will be tabled by 31 March 2015; section 24 MFMA; however Circular 72 gave guidance to municipalities in preparation of the draft.

**DRAFT IDP AND BUDGET FOR 2015/2016 ADOPTED BY COUNCIL ON THE 31TH MARCH 2015
17,20, 21, 22 & 23 APRIL 2014**

Date	Ward No.	Venue	Locality	Time	Team	Team Leader	Invited Cllrs	Traditional Leader(s)	Official(s)	CDW(s)
17 April 2015	1	Zweljikile Community Hall	Mount Ayliff	11H00	A	Cllr. Ndevu	Cllr. Gwanya		Ms. Nkake Ms. Ndumndum	B. Ndamse
	2	Lubaleko Community Hall	Mount Ayliff	11H00	B	Cllr. Bulana	Cllr. Gwebani	Chief N. Jojo	Mr. Mlenzana	O. Nqatsha
	3	Msukeni Community Hall	Mount Ayliff	11H00	C	Cllr. Nkqayi	Cllr. Mambi		Ms. Kubone	X. Mfunte, N. Mvulana
	4	Betshwana Community Hall	Mount Ayliff	11H00	D	Cllr. Ngalonkulu	Cllr. Mantshongo	Chief B. Jojo	Ms. Mbhele	P. Mkhonto
	5	Nzongiseni Hall	Mount Ayliff	11H00	E	Cllr. Mbele	Cllr. Pakkies		Mr. Moabi	M. Zungula
	6	Mbumbazi Community Hall	Mount Ayliff	11H00	A	Cllr. Phangwa	Cllr. Mabindisa		Mr. Moleko, Mr Qaba	B. Ndamse
20 April 2015	7	Mt Ayliff Town Hall	Mount Ayliff	18H00	F	Cllr. Qasha	Cllr. Mpanda		Mr. Mandlana, Mr Nota	Z. Ngeyane
	8	Lugelweni Community Hall	Mount Ayliff	11H00	A	Cllr. Nkula	Cllr. Boyce	Chief N. Fikeni Chief B. Jojo	Mr. Vakalisa	N. Mvulana
	9	Goso (ecaweni eTshetshi)	Mount Ayliff	11H00	B	Cllr. Sisilana	Cllr. Mgweba		Ms. Siwahla	X. Mfunte
	10	Colana Jun Sec School	Mount Frere	11H00	C	Cllr. Nkqayi	Cllr. Godlo		Mr. Pikwa	V. Ngodwana
	11	Rhode Community Hall	Mount Frere	11H00	D	Cllr. Mpumlwana	Cllr. Myingwa	Chief GP Nota,	Ms. Batyi	B. Gubelana-Mngambi

										Chief Sontsi, Chief Ncapai
Date	Ward No.	Venue	Locality	Time	Team	Team Leader	Invited Cllrs	Traditional Leader(s)	Official(s)	CDW(s)
21 2015	12	Nophoyi Community Hall	Mount Frere	11H00	A	Cllr. Phangwa	Cllr. Ripa	Chief F. Makaula Chief P. Mdutyana	Mr. Maqalekane	N. Siswana
	13	Mhlutha J.S.S	Mount Frere	11H00	B	Cllr. Ngalonkulu	Cllr. Gogela		Mr. Ntshikilana	T. Faye- Msutu
	14	Huku Community Hall	Mount Frere	11H00	C	Cllr. Sisilana	Cllr. Mlandu		Mr. Kulu	A. Langa
	15	Lugangeni – Rhabe Church	Mount Frere	11H00	D	Cllr. Thingathinga	Cllr. Makhanda	Chief T. Makaula	Ms. Fikeni	N. Mbebe- Jacisa
	16	Nkulisa J.S.S.	Mount Frere	11H00	E	Cllr. Qasha	Cllr. Ntwakumba		Ms. Xashimba	N. Hlaziya
	17	St Georges Jun Sec School	Mount Frere	11H00	F	Cllr Mpumlwana	Cllr. Xezu	Chief M. Sogoni	Mr. Vakalisa	S. Ntondini
	18	Mount Frere Town Hall	Mount Frere	18H00	G	Cllr. Nkula	Cllr. Mnkwa		Mr. Mandlana,	T. Faye
22 April 2015	19	Ngqinibeni Methodist Church Hall	Mount Frere	11H00	A	Cllr. Bulana	Cllr. Gogela		Mr. Matam Mr. Zibi	M. Ngcingwana
	20	Ngxabaxha Community Hall	Mount Frere	11H00	B	Cllr. Ndevu	Cllr. Mendu		Mr. Funani	T. Matshoba
	21	Qoqa Community Hall	Mount Frere	11H00	C	Cllr. Thingathinga	Cllr. Gcandinja		Mr. Vakalisa	N. Mbebe- Jacisa

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	22	Mjikelweni Community Hall - Mabhobho	Mount Frere	11H00	D	Cllr. Qasha		Chief Sodladla	Mr. Sineke	Z. Mandla
	23	Nompilo Preschool	Mount Frere	11H00	E	Cllr. Nkqayi	Cllr. Makanda		Mr. Mlenzana	Z. Mandla
23 April 2015										
	24	Ezibholorhweni Community Hall	Mount Frere	11H00	B	Cllr. Mbele	Cllr. Zililo		Mr. Ntonga	N. Godlo
	25	Mazama School - Mpindweni	Mount Frere	11H00	C	Cllr. Phangwa	Cllr. Mankanku		Mr. Maqalekane	N. Mbuli
	26	Zwelijikile Community Hall	Mount Ayliff	11H00	D	Cllr. Ndevu	Cllr. Jojo		Mr. Vakalisa	F. Mngweba
	27	Mpendla Community Hall	Mount Frere	11H00	E	Cllr Mpumlwana	Cllr. Cekeshe		Ms. Xashimba	Gubelana-Mngambi

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

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

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

Introduction

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

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

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

Key challenges facing Umzimvubu

1. Sustainable Infrastructure

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

2. The challenge of promoting Local Economic Development

The need for the diversification of local economy through facilitation the emergency of previous underperforming sectors is an important catalyst for economic development. Our Local Economic Development strategy focuses on mainstreaming the previously disadvantage people. Crucial to this will be the need to work in partnership with relevant stakeholders in boosting employment and fostering SMMEs. 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. This section gives a broad overview of the budget policy framework and highlights the amended policies to be approved by Council resolution

Name of policy	Purpose/Basic areas covered by the Policy	Summary of changes	Responsible Official
REVENUE RELATED			
Tariff	Setting criteria for establishing service tariffs	n/a	M. Mhlfili
Rates	Setting criteria for establishing rates tariffs	<p>Rebate shall be granted to the indigent people as per the municipal developed indigent policy. Where a person is declared as an indigent in terms of the indigent policy, the person shall on application to the council, be granted a rebate be as follows:</p> <p>Refuse removal 100 %</p> <p>Rebate shall be granted to all properties not enjoying all municipal services as indicated below:</p> <p>Where the facility is available but has not been connected by the Ratepayer, the facility shall be deemed to be on the property.</p> <p>Where as a result of a natural disaster the infrastructure of the area is damaged, council may grant rebate to the property owner equivalent to the rebate granted for the nonexistence of such a service.</p> <p>Public benefit organizations operating from the municipality for the benefit of people in other municipal areas shall be granted rebate on a sliding scale. The size of rebate shall be determined by the extent to which people in the municipal area benefits from their operations vis-à-vis service to other areas</p>	M.Mhlfili
Credit Control and debt collection	Principles and guidelines to be followed with respect to arrear consumer debt control	Interest will be raised on payments received after the due date at a rate of 10 % . This is in terms of Local Government Ordinance 1993. The interest will be calculated on monthly basis. By-Law in respect of the raising of interest needs to be adopted by the Council after the approval, promulgated in the Provincial Gazette. The implementation thereof will be from the date of promulgation.	M. Mhlfili
Indigent support	Guidelines and procedures for the subsidizing	n/a	M. Mhlfili

	of rates and basic services to indigent households		
BUDGET & EXPENDITURE RELATED			
Supply Chain	Dictates procedures for the procurement of goods and services	The Umzimvubu Municipality will ensure that through SCM unit the turnaround time for delivery of goods and services is within seven days and for specialized goods such as TLB, and motor vehicles is a minimum of 14 days and a maximum of 21 days from the date of issuing of appointment letter or official order. Any bidder who fails to deliver within the specified time and without any valid reason will be terminated and also blocked in the supplier database as a non-performer.	N. Zibi
Petty Cash	To ensure economic use & efficiency of municipal resource & to ensure speedy service delivery	N/A	NF Siwahla
Cash Management	To outline Creditors' payment terms	N/A.	NF Siwahla
Subsistence and Travelling Policy	To regulate travelling costs of both councilors and staff	Officials who are not paid travelling allowance may be authorized to use their own private vehicle by the immediate supervisors / Departmental HOD's in order to attend business trips. Remove 500kms & 350kms for assistant managers	NF Siwahla
Budget Policy	To set out the budgeting principles which the municipality will follow in preparing each annual budget, as well as the roles and responsibilities of in compiling such budget	At least 8% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, excluding in the following instances: Funds relating to capital expenditure; or Unspent grants (if the conditions for such grant funding allows that). Conditions of the grant funding shall be taken into account in applying for such rollover of funds. No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made at least 30 days (31 May each year) prior the end of that particular financial year.	N. Xashimba

		No unspent operating budget shall be rolled over to the next budget year Any application for a rollover of capital funds must be forwarded to the Budget and Treasury Office by the latest 15 th of July of each year. Only these applications will be considered for inclusion in an adjustment budget. The adoption by Council will take place not later than 30 th August	
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Section 9 – Overview of budget assumptions

Introduction

Budget Assumption

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

The budget is premised on a 70% payment level. This is in line with all our trends in the last 18 months and reflects similar outcome as at June 2014. 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 2015, 2016 and 2017 are 4.3%, 5.5% and 5.4% respectively. The growth parameters apply to tariff increases for property rates, user and charges raised by municipalities; this is to ensure that all spheres of government support the national macroeconomic policies. Any increase that is above the forecast must be fully communicated to the community.

Rates, tariffs, charges and timing of revenue collection

	Budget 2015/16 R '000	Indicative 2016/17 R '000	Indicative 2017/18 R '000
Rate	10,430	11,004	11,609
Refuse	2,000	2,110	2,226

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

	Budget 2015/16 R '000	Indicative 2016/17 R '000	Indicative 2017/18 R '000
Provision for bad debts	30,000	31,650	33,391
Table A4: Debt impairment			

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 2015/16 R '000	Indicative 2016/17 R '000	Indicative 2017/18 R '000
Cost of free basic services	4,417	4,660	4,916
Revenue cost of free services and all other rebate provided	670	710	749

Impact of national, provincial and local policies

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

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

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

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

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

Fiscal Overview of Umzimvubu Municipality

There is a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management. For the past 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 be managed within narrow financial parameters given the challenges and limited financial resources. Umzimvubu municipality is funding its capital expenditure by grants

and a very small portion internal funding, however the municipality has managed to secure a DBSA loan for electricity generation.

Section 11 - Expenditure on allocations and grant programmes

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

Expenditure for each grant for 2015/16 to 2016/17 is summarised in the table below. Note that the expenditures include the Vat portion that is recognised

Grant Name	Allocation Authority/Department	Budget 2014/15 R '000	Indicative 2015/16 R '000	Indicative 2016/17 R '000	Purpose
Equitable Share	National Government	169 767	168 185	161 716	
Finance Management Grant	National Government	1,600	1,625	1,700	To promote and support reforms in financial management by building capacity in municipalities to implement Municipal Finance Management Act
Municipal Systems Improvement Grant	National Government	930	957	1,033	To assist municipalities in building in house to perform their functions and stabilise institutional and government systems
Municipal Infrastructure Grant	National Government	44,864	47,331	49,934	To supplement capital finance for basic municipal structure for poor households, micro enterprise and social institution. The operating

					portion is utilised for Project Management Unit
Integrated Electrification Programme	National Government	33,000			Electricity generation
LED Capacity	LGTA	112	118	124	Electricity generation
EPWP	Public Works	1,737			Expanded Public Works
Small Towns Revitalisation	DEAT	2,000	2,110	2,226	Small Towns Revitalisation
Library Subsidy	Provincial Treasury	250	263	278	

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 2015/16 R'000	Indicative 2016/17 R'000	Indicative 2017/18 R'000
Indigent Support	1,594	1,682	1,775

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 6.3% has been effected on this 2015/16 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 and 4 vacancies created by this draft budget. The municipality is fully implementing the outcomes of job evaluation which started on the 1 July 2014,

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

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

Monthly operating budget revenue and expenditure projections

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

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

Monthly capital budget revenue and expenditure projections

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

Monthly cash flow projections

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

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

Adoption of the Service Delivery and Budget Implementation Plan

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

Contents of the SDBIP

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

SDBIP requirements

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

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

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

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

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

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

Section 17 - Contracts having future budgetary implications

'Supporting Table SA: Contract having future budgetary implications' Annexure 2 discloses all contracts which will impose financial obligations on the municipality beyond the three years covered in the annual budget. Since Umzimvubu falls in a category of municipalities with approved revenue of R299million, have no contracts beyond the three years covered in the annual budget.

Section 18 – Capital expenditure details

Capital details are shown in the Annexure....

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

Section 19 – Legislation compliance status

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

Municipal Finance Management Act – No 56 of 2003

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

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

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

The MFMA and the budget

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

The budget preparation process

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

Overview

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

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

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

Budget preparation timetable

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

Budget preparation and review of IDP and policy

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

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

Tabling of the draft budget

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

Publication of the draft budget

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 draft budget

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

Opportunity for the revision to draft budget

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

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

Adoption of the annual budget

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

BUDGET IMPLEMENTATION

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

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

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

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

Managing then implementation process

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

Variation from budget estimates

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

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

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

Revision of budget estimates – adjustment budget

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

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

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

Requirements of MFMA relating to annual budget and supporting documentation

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

Other Legislation

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

The Division of Revenue Bill 2015 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 2014/15

Annexure 4

Municipal Budget Circular for the 2014/15 MTREF – MFMA Circular 72

Annexure 5

Process Plan 2015/16

Annexure 6 – Budget Related Policies

Section 21 – Municipal Manager’s quality certification

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

QUALITY CERTIFICATE

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

Print Name _____

Municipal Manager of Umzimvubu Municipality [EC 442]

Signature _____

Date _____