



UMZIMVUBU
— LOCAL MUNICIPALITY —

MTREF
2012/2013

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PART 1 – ANNUAL BUDGET

Mayoral Budget Speech

Mr. Speaker
Exco Members
Whippery
Councillors
Management & Staff
Members of the Public & Media in the Gallery
Ladies & Gentlemen

We are holding this Council with a view to table the Draft Budget for the 2012/13 Financial Year. We are doing this in humble submission to the cause of democracy. Our constitutional democracy is based on the principle of the rule of law and the respect for the constitution.

Accordingly, legislation particularly the MFMA 56 of 2003 directs us to submit the Draft Budget to Council on or before 31 March and the final budget on or before 31 May.

We have therefore set ourselves to comply with the laws of our land.

It is for this reason that we embarked upon an IDP Roadshow in December 2011 in order to get the community needs and priorities directly from the communities themselves hence we made it a point that we visit each and every Ward of our municipality.

So, this draft budget is an attempt that seeks to respond to those community needs in order to improve the quality of life and build a better life for all our communities.

However, it is an open secret that unfortunately, the community needs are always far exceeding the resources with which to respond to these needs.

Due to this reality it becomes imperative and obligatory that we the communities themselves play an active and leading roles in setting priorities for their wards.

It is my pleasure to report that such an exercise was accomplished with a breathtaking courage by our capable team of men and women drawn from both the Council and Administration.

Major sources of income can be summarized as follows:

1. Grants and Subsidies: R177 562 000(which constitutes 75% of the Budget)
2. Own revenue: R30 042 842(which constitutes 25%)

The Own Revenue is made up of Property Rates at R8 m, Refuse Removal at R2m and Traffic Management which contributes R4.1 m.

The Operational Expenditure can further be split as follows:

1. Personnel: R 60 090 718
2. General Expenditure: R 45 551 586
3. Grants and Subsidies paid: R1 968 326
4. Repairs and maintenance: R2 519 46

The 2011/12 Capital Budget

The capital budget for next year amounts to R97,million and included to the amount is R37 million which is funded by MIG. This has increased compared to 2011/12 financial year. The municipality has adhere to treasury Circular which advises municipalities not to budget for offices, but however the office space is still a challenge.

The capital budget can be broken down as follows. Surfacing R37 million, Access Roads R16 million, Buildings 6 million Economic Infrastructure, Other (Computers, Furniture , Equipment, ICT) R10,4million

Operating Expenditure

As we know that each municipality has to contribute to job creation when revising their own IDPs and preparing budget for 2012/13. Not by employing more staff, but rather by ensuring labour intensive methods are used in services delivery, by service providers and LED projects. Municipalities should participate fully in the Extended Public Works Programme.

We have relooked at our procurement policies and guidelines, and they are now labour intensive as opposed to capital.

The biggest single operating expenditure is on staffing. This amounts to approximately R60million of the operating budget..

Operating Revenue

Our budget is in essence funded from three sources: assessment rates, revenues from trading services (majority from waste management) and transfer from national government. Approximately 7% of our revenue s from rates and waste management which could translate to 5% and 2% split.

Effect of the annual budget

The annual budget for 2011/12 to 2013/14 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

Mr. Speaker, on behalf of the Executive Committee I submit this report and I further ask Council to consider and adopt all the recommendations we have made.

With those few words I THANK YOU.....

Section 2 – Budget Related Resolutions

The Resolutions approved by Council with the final adoption of the budget in April are:

RESOLVED:

[a] That the annual budget of Umzimvubu Local Municipality for the financial year 2011/2012; and indicative for the two projected years 2012/13 and 2013/14

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 2012/2013

[c] Council notes the amended Integrated Development Plan adopted on the March 2012 reflected as summarised in **Section 6**

[d] The budget related policies as summarised in **Section 8** are approved for budget year 2011/12

[e] The measurable performance objectives for each vote introduced in **Section 15** and detailed in Annexure 'Service Delivery and Budget Implementation Plan' are noted for the budget year 2011/12

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 58 and 59 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 May 2012

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 204 MILLION (including currently known grants received for operational expenditures); operational expenditures funded from cash carry forwards and operating revenues are proposed at R 78,1 MILLION.

The Capital Budget is funded from a blend of conditional grants, limited own funds and cash carried forward from prior years. Capital expenditures for 2011/12 are estimated to total R97.4 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 R2, 000,000
- Rates and tariffs in most cases contain proposed increases.
 - Rates 5.9% increase
 - Refuse Collection 5.9% increase
- The Equitable Share Allocation from the National Treasury is R106, 050 Million which is an increase from the current budget of R92, 993.

Operating Expenditures

- Employee salaries and related expenses are increased by the level indicated by correspondence from SALGA and CPIX. This amount to an 7.4% increase in 2012/13. In addition, all positions are budgeted to be filled for the entire year. Council salaries are also budgeted to increase by 7.4% .The salary bill makes up 36% excluding councillors of the Operating budget .
- An amount of R 500,000 has been allocated in the operating budget for normal street maintenance and repairs and also a portion from MIG
- An amount R78 million is included in the operating budget for normal operations of the institution
- Grants and subsidies paid by the municipality to NGO's and other organizations amounts to R 1.9 million

Capital Budget

The capital budget reflected in this document utilizes actually anticipated revenues and cash forward to fund the budgeted expenditures of R97,4 million. The portion includes the MIG grant (R37, 795 million) and integrated electrification programme (30million)

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 R4, 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 2011/12 to 2013/14 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

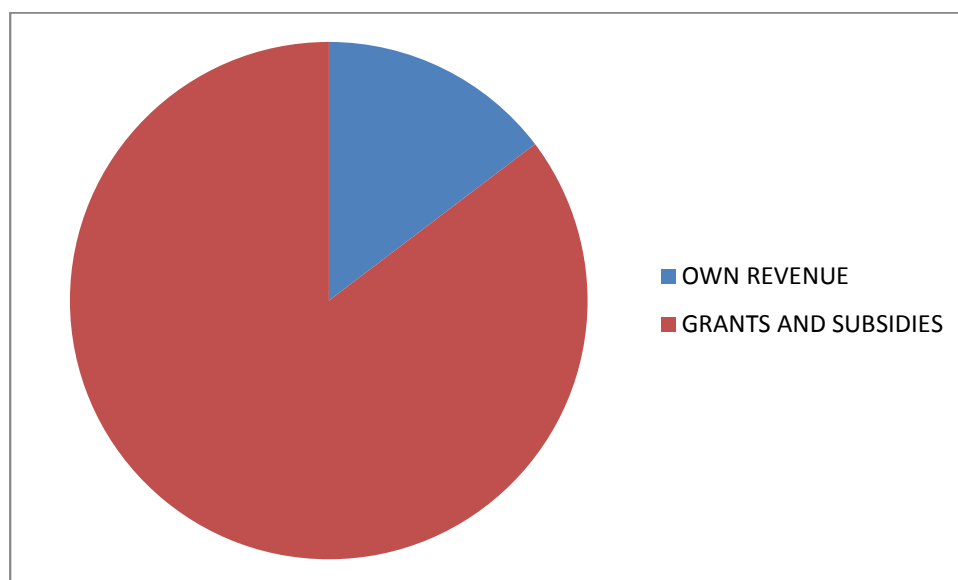
For easy reference, summary tables and graphs are included here.

Financial performance

Revenue by source

DESCRIPTION	2011/12 ANNUAL BUDGET	2011/12 ADJUSTMENT BUDGET	DRAFT BUDGET 2012/13	2013/14 BUDGET - INDICATIVE	2014/15 BUDGET - INDICATIVE
Property Rates	8,000,000	8,448,000	8,000,000	8,448,000	8,904,192
Service Charges - Refuse	2,600,000	2,600,000	1,000,000	1,056,000	1,113,024
Rental of Facilities and Equipment	1,165,000	1,230,240	1,133,116	1,196,570	1,261,185
Interest earned - External Investments	3,500,000	3,500,000	3,729,994	3,938,874	4,151,573
Interest earned - Outstanding Debtors		- 256,000	270,138	285,266	300,670
Fines	400,000	819,432	863,681	912,047	961,298
Licences & permits	40,000	40,000	2,158,393	2,279,263	2,402,343
Agency fees	2,850,000	2,048,000	943,200	996,019	1,049,804
Transfers Recognised - operational	97,233,000	98,168,000	109,767,000	115,913,952	122,173,305
Transfers Recognised - Capital	31,157,000	31,157,000	67,795,000	71,591,520	75,457,462
Other revenue	24,060,035	33,059,420	11,944,320	12,613,202	13,294,315
	171,005,035	181,326,092	207,604,842	219,230,713	231,069,172

Trends for the major revenue sources over the MTREF period is shown in the chart below



Expenditure by municipal vote

DESCRIPTION	2011/12 ANNUAL BUDGET	2011/12 ADJUSTMENT BUDGET	PROPOSED DRAFT BUDGET 2012/13	2013/14 BUDGET - INDICATIVE	2014/15 BUDGET - INDICATIVE
Executive and Council	19,828,776	18,456,556	20,331,264	21,408,821	22,457,853
Municipal Manager	9,084,998	9,553,778	8,799,343	9,265,708	9,719,728
Special Programmes & Communication	6,063,474	6,500,035	6,474,863	6,818,031	7,152,114
Budget & Treasury	19,828,766	53,465,546	49,132,778	51,736,815	54,271,919
Corporate Services	13,478,079	13,667,385	13,808,175	14,540,008	15,252,469
Infrastructure & Planning	12,429,900	12,950,891	1,166,160	1,227,966	1,288,137
Local Economic Development	7,388,024	6,763,501	4,614,197	4,858,749	5,096,828
Citizen & Community Services	2,661,065	2,867,391	2,647,128	2,787,426	2,924,010
Waste Management	8,851,755	7,594,085	11,231,673	11,826,952	12,406,472
Public Safety	7,012,466	8,515,905	12,103,513	12,744,999	13,369,504
	106,627,303	140,335,073	130,309,094	137,215,476	143,939,034

Capital Expenditure by municipal vote

DESCRIPTION	2011/12 ANNUAL BUDGET	2011/12 ADJUSTMENT BUDGET	PROPOSED DRAFT BUDGET 2012/13	2013/14 BUDGET - INDICATIVE	2014/15 BUDGET - INDICATIVE
Executive and Council	100,000	1,000,000	100,000	105,300	110,460
Municipal Manager	57,640	70,000	40,000	42,120	44,184
Special Programmes & Communication	52,400	52,400	55,230	58,157	61,007
Budget & Treasury	1,461,450	1,464,450	935,776	985,372	1,033,655
Corporate Services	1,140,000	1,941,000	1,062,016	1,118,303	1,173,100
Infrastructure & Planning	56,357,000	61,218,349	86,755,786	91,353,843	95,830,181
Local Economic Development	3,050,000	3,990,085	6,052,700	6,373,493	6,685,794
Citizen & Community Services	30,000	30,000	31,620	33,296	34,927
Waste Management	4,660,000	5,690,005	1,031,620	1,086,296	1,139,524
Public Safety	245,000	330,000	1,410,000	1,484,730	1,557,482
	67,153,490	75,786,289	97,474,748	102,640,910	107,670,314

Tariff implications of the annual budget

Assessment rates

The municipal property rates are levied in different categories of consumers, and the budget has not increased from 2011/12 financial year, this has been informed by our collection trends or actuals for 2010/11 financial year and its midyear budget performance. This will probably increase when we do an adjustment budget as the department of Public Works has agreed to pay schools and clinics on our valuation roll.

Waste Management

We had a 5.9% 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 2011/2012 financial year.

We have budgeted a 100% decrease on trading services, this is as a result of huge accounts which were written off as the debt could not be traced. However, Circular 58 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 budget for 2011/2012:

- 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

Table A1 – Budget Summary
EC442 Umzimvubu - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	4,007	10,022	6,453	8,000	8,000	8,000	1,575	8,432	8,904	9,385
Service charges	1,902	1,231	1,781	2,600	2,600	1,000	127	1,000	1,056	1,113
Investment revenue	8,748	4,388	3,362	3,500	3,500	3,500	1,316	3,730	3,939	4,152
Transfers recognised - operational	93,063	79,373	99,717	97,233	97,796	97,796	74,253	109,767	115,914	122,173
Other own revenue	2,263	6,201	5,626	4,555	3,264	4,472	3,239	16,879	17,790	18,690
Total Revenue (excluding capital transfers and contributions)	109,983	101,215	116,940	115,888	115,160	114,768	80,510	139,808	147,603	155,513
Employee costs	20,000	27,469	40,285	50,477	50,477	50,477	50,477	44,617	47,115	49,754
Remuneration of councillors	8,400	9,316	–	12,701	12,437	11,420	12,701	15,128	15,976	16,758
Depreciation & asset impairment	9,943	6,971	–	–	31,000	31,000	31,000	32,674	34,504	36,367
Finance charges	9	8	–	17	17	17	17	12	13	13
Materials and bulk purchases	–	–	–	–	–	–	–	–	–	–
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	40,339	32,905	42,301	58,894	139,438	139,438	139,438	45,853	48,293	50,676
Total Expenditure	78,692	76,668	82,586	122,089	233,368	232,352	233,633	138,284	145,900	153,568
Surplus/(Deficit)	31,291	24,547	34,354	(6,201)	(118,209)	(117,583)	(153,122)	1,524	1,703	1,945
Transfers recognised - capital	–	–	23,939	31,157	31,157	31,157	31,157	67,795	71,388	74,886
Contributions recognised - capital & contributed assets	–	–	–	17,768	22,530	21,932	21,932	29,680	31,253	32,784
Surplus/(Deficit) after capital transfers & contributions	31,291	24,547	58,293	42,724	(64,522)	(64,494)	(100,033)	98,998	104,344	109,615
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	31,291	24,547	58,293	42,724	(64,522)	(64,494)	(100,033)	98,998	104,344	109,615
Capital expenditure & funds sources										
Capital expenditure	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	–	–	–	–	–	–	–	–	–	–
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–	–
Total sources of capital funds	–	–	–	–	–	–	–	–	–	–

Financial position										
Total current assets	75,986	88,977	52,545	88,529	87,503	88,529	57,159	91,566	96,419	101,144
Total non current assets	261,654	159,685	203,096	456,129	456,129	456,129	19,893	646,832	681,114	714,489
Total current liabilities	2,874	25,150	16,039	28,462	26,445	26,445	–	35,546	37,430	39,264
Total non current liabilities	–	–	–	–	–	–	–	–	–	–
Community wealth/Equity	330,863	219,318	233,575	142,956	141,930	141,930	75,099	67,847	71,443	74,943
Cash flows										
Net cash from (used) operating	177,186	198,656	289,335	148,522	188,242	188,242	186,605	264,684	279,158	293,620
Net cash from (used) investing	43,647	38,131	44,112	81,998	81,898	81,898	81,948	112,959	118,945	124,774
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	286,838	523,626	857,072	230,520	270,140	270,140	268,553	407,267	805,370	1,223,764
Cash backing/surplus reconciliation										
Cash and investments available	66,006	80,699	29,625	85,735	85,735	85,735	55,756	67,315	70,882	74,356
Application of cash and investments	(4,074)	18,442	(1,369)	27,017	25,655	24,818	(1,858)	22,619	23,833	25,026
Balance - surplus (shortfall)	70,080	62,257	30,994	58,718	60,080	60,917	57,614	44,696	47,050	49,330
Asset management										
Asset register summary (WDV)	18,472	14,504	14,584	19,893	19,893	19,893	14,584	14,584	15,357	16,110
Depreciation & asset impairment	9,943	6,971	–	–	31,000	31,000	32,674	32,674	34,504	36,367
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	3,584	3,129	3,050	2,520	2,520	2,653	2,783
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

The highlight of this table relate to increase in employee costs which further broken down in Annexure 2 'Supporting Table SA22: Summary councilor and staff benefits'.

Table A2 – Budgeted Financial Performance (by standard classification)

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

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
Governance and administration	1	-	-	-	129,907	131,417	131,418	134,947	142,099	149,062
Executive and council		-	-	-	-	150	150	-	-	-
Budget and treasury office		-	-	-	129,833	130,128	130,128	134,590	141,723	148,667
Corporate services		-	-	-	74	1,139	1,140	357	376	395
Community and public safety		-	-	-	3,562	5,029	5,029	4,296	4,524	4,746
Community and social services		-	-	-	266	105	105	111	117	122
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	3,297	4,923	4,923	4,185	4,407	4,623
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	34,921	40,915	40,915	52	55	58
Planning and development		-	-	-	2,062	2,466	2,466	52	55	58
Road transport		-	-	-	32,859	38,449	38,449	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	2,615	3,965	3,965	1,016	1,070	1,122
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	2,615	3,965	3,965	1,016	1,070	1,122
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	-	-	-	171,006	181,326	181,327	140,311	147,747	154,987
Expenditure - Standard										
Governance and administration	-	-	-	-	62,869	95,998	95,998	92,072	96,951	99,420
Executive and council		-	-	-	26,420	28,035	28,035	29,131	30,675	32,178
Budget and treasury office		-	-	-	21,644	53,466	53,466	49,133	51,737	51,990
Corporate services		-	-	-	14,805	14,497	14,497	13,808	14,540	15,252
Community and public safety		-	-	-	15,744	17,883	17,883	21,226	22,350	23,446
Community and social services		-	-	-	8,732	9,367	9,367	9,122	9,605	10,076
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	7,012	8,516	8,516	12,104	12,745	13,370
Housing		-	-	-	-	-	-	-	-	-

Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	22,868	19,729	19,729	16,275	17,138	17,978
Planning and development		-	-	-	10,438	6,779	6,779	4,614	4,859	5,097
Road transport		-	-	-	12,430	12,951	12,951	11,661	12,279	12,881
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	8,852	7,552	7,552	11,232	11,827	12,406
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	8,852	7,552	7,552	11,232	11,827	12,406
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	-	-	-	110,333	141,163	141,163	140,804	148,267	153,249
Surplus/(Deficit) for the year		-	-	-	60,673	40,163	40,164	(493)	(519)	1,738

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

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

EC442 Umzimvubu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - Executive & Council		-	-	-	56	150	150	-	-	-
Vote 2 - Budget & Treasury		-	-	-	129,833	130,128	130,128	134,590	142,127	149,091
Vote 3 - Corporate Services		-	-	-	74	1,139	1,139	357	377	396
Vote 4 - Local Economic Development		-	-	-	2,062	2,466	2,466	52	55	58
Vote 5 - Infrastructure & Planning		-	-	-	32,859	38,449	38,449	64,425	68,033	71,842
Vote 6 - Citizen & Community Services		-	-	-	210	105	105	111	117	123
Vote 7 - Waster Management		-	-	-	2,615	3,965	3,965	1,016	1,073	1,125
Vote 8 - Public Safety		-	-	-	3,297	4,923	4,923	4,185	4,420	4,636
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	171,005	181,326	181,326	204,736	216,201	227,272
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		-	-	-	32,201	34,535	34,535	35,605	37,493	39,330
Vote 2 - Budget & Treasury		-	-	-	20,005	53,466	53,466	49,133	51,737	51,990
Vote 3 - Corporate Services		-	-	-	13,478	14,497	14,497	13,808	14,540	15,252
Vote 4 - Local Economic Development		-	-	-	7,388	6,779	6,779	4,614	4,859	5,097
Vote 5 - Infrastructure & Planning		-	-	-	12,430	12,951	12,951	11,661	12,279	12,881
Vote 6 - Citizen & Community Services		-	-	-	2,661	2,867	2,867	2,647	2,787	2,924
Vote 7 - Waster Management		-	-	-	8,852	7,552	7,552	11,232	11,827	12,406
Vote 8 - Public Safety		-	-	-	7,012	8,516	8,516	12,104	12,745	13,370
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-

Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	104,027	141,163	141,163	140,804	148,267	153,249
Surplus/(Deficit) for the year	2	-	-	-	66,978	40,163	40,163	63,932	67,934	74,022

References

1. Insert 'Vote'; e.g. department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

Table A4 – Budgeted Financial Performance (revenue and expenditure)

EC442 Umzimvubu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	4,007	10,022	6,453	8,000	8,000	8,000	1,575	8,432	8,904	9,385
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	1,902	1,231	1,781	2,600	2,600	1,000	127	1,000	1,056	1,113
Service charges - other											
Rental of facilities and equipment		949	876		1,165		1,165	646	1,133	1,197	1,261
Interest earned - external investments		8,748	4,388	3,362	3,500	3,500	3,500	1,316	3,730	3,939	4,152
Interest earned - outstanding debtors				984	-	256	300	281	270	285	301
Dividends received										-	-
Fines		111	144	463	400	819	819	589	864	912	961
Licences and permits		-	32	7	40	40	40	70	2,158	2,279	2,402
Agency services		857	4,548	3,496	2,850	2,048	2,048	1,654	943	996	1,050
Transfers recognised - operational		93,063	79,373	99,717	97,233	97,796	97,796	74,253	109,767	115,914	122,173
Other revenue	2	346	601	332	-	-	-	-	11,406	12,010	12,599
Gains on disposal of PPE		-	-	344	100	100	100		105	110	116
Total Revenue (excluding capital transfers and contributions)		109,983	101,215	116,940	115,888	115,160	114,768	80,510	139,808	147,603	155,513
Expenditure By Type											
Employee related costs	2	20,000	27,469	40,285	50,477	50,477	50,477	50,477	44,617	47,115	49,754
Remuneration of councillors		8,400	9,316		12,701	12,437	11,420	12,701	15,128	15,976	16,758
Debt impairment	3	-	-		365	3,000	3,000	3,000	3,162	3,339	3,519
Depreciation & asset impairment	2	9,943	6,971	-	-	31,000	31,000	31,000	32,674	34,504	36,367
Finance charges	9		8		17	17	17	17	12	13	13
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	40,339	32,905	41,919	58,529	136,438	136,438	136,438	42,691	44,954	47,156
Loss on disposal of PPE				383							
Total Expenditure		78,692	76,668	82,586	122,089	233,368	232,352	233,633	138,284	145,900	153,568
Surplus/(Deficit)		31,291	24,547	34,354	(6,201)	(118,209)	(117,583)	(153,122)	1,524	1,703	1,945
Transfers recognised - capital				23,939	31,157	31,157	31,157	31,157	67,795	71,388	74,886
Contributions recognised - capital	6	-	-	-	17,768	22,530	21,932	21,932	29,680	31,253	32,784
Contributed assets			24,547								109,615
Surplus/(Deficit) after capital transfers & contributions		31,291	24,547	58,293	42,724	(64,522)	(64,494)	(100,033)	98,998	104,344	109,615
Taxation											
Surplus/(Deficit) after taxation		31,291	24,547	58,293	42,724	(64,522)	(64,494)	(100,033)	98,998	104,344	109,615
Attributable to minorities			24,547								109,615
Surplus/(Deficit) attributable to municipality		31,291	24,547	58,293	42,724	(64,522)	(64,494)	(100,033)	98,998	104,344	109,615
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		31,291	24,547	58,293	42,724	(64,522)	(64,494)	(100,033)	98,998	104,344	109,615

References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment

4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs

5. Repairs & maintenance detailed in Table A9 and Table SA34c

6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)

7. Equity method

8. All materials not part of 'bulk' e.g. road making materials, pipe, cable etc.

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

EC442 Umzimvubu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote	2										
Multi-year expenditure to be appropriated											
Vote 1 - Executive & Council		-	-	634	210	1,122	1,122	100	195	206	216
Vote 2 - Budget & Treasury		-	-	4,410	1,461	1,461	1,461	428	936	985	1,034
Vote 3 - Corporate Services		-	-	3,441	1,140	1,940	1,940	1,068	1,062	1,118	1,173
Vote 4 - Local Economic Development		-	-	9,206	3,050	3,990	3,990	1,121	6,053	6,373	6,686
Vote 5 - Infrastructure & Planning		-	-	170,107	56,357	74,169	74,169	22,242	86,756	91,354	95,830
Vote 6 - Citizen & Community Services		-	-	91	30	30	30	29	32	33	35
Vote 7 - Waster Management		-	-	14,066	4,660	5,690	5,690	2,123	1,032	1,086	1,140
Vote 8 - Public Safety		-	-	740	245	330	330	30	1,410	1,489	1,562
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	
Capital multi-year expenditure sub-total	7	-	-	202,695	67,153	88,733	88,733	27,140	97,475	102,645	107,675
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	634	210	1,122	1,122	100	195	206	216
Vote 2 - Budget & Treasury		-	-	4,410	1,461	1,461	1,461	428	936	985	1,034
Vote 3 - Corporate Services		-	-	3,441	1,140	1,940	1,940	1,068	1,062	1,118	1,173
Vote 4 - Local Economic Development		-	-	9,206	3,050	3,990	3,990	1,121	6,053	6,373	6,686
Vote 5 - Infrastructure & Planning		-	-	170,107	56,357	74,169	74,169	22,242	86,756	91,354	95,830
Vote 6 - Citizen & Community Services		-	-	91	30	30	30	29	32	33	35
Vote 7 - Waster Management		-	-	14,066	4,660	5,690	5,690	2,123	1,032	1,089	1,143
Vote 8 - Public Safety		-	-	740	245	330	330	30	1,410	1,489	1,562
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	202,695	67,153	88,733	88,733	27,140	97,475	102,648	107,678
Total Capital Expenditure - Vote		-	-	405,390	134,306	177,466	177,466	54,281	194,949	205,293	215,353
Capital Expenditure - Standard											

Governance and administration		-	-	-	-	-	-	-	-	-	-
Executive and council											
Budget and treasury office											
Corporate services											
Community and public safety		-	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		-	-	-	-	-	-	-	-	-	-
Planning and development											
Road transport											
Environmental protection											
Trading services		-	-	-	-	-	-	-	-	-	-
Electricity											
Water											
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Standard	3	-	-	-	-	-	-	-	-	-	-
Funded by:											
National Government											
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	-	-	-	-	-	-	-	-	-	-

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
- Capital expenditure by standard classification must reconcile to the appropriations by vote
- Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)
- Must reconcile to Budgeted Financial Performance (revenue and expenditure)
- Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17
- Total Capital Funding must balance with Total Capital Expenditure
- Include any capitalised interest (MFMA section 46) as part of relevant capital budget

Table A6 – Budgeted Financial Position

EC442 Umzimvubu - Table A6 Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Current assets											
Cash		66,006	80,699	29,625	85,735	85,735	85,735	55,756	67,315	70,882	74,356
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	9,742	3,534	7,705	1,026	1,026	1,026	-	1,902	2,002	2,101
Other debtors Current portion of long-term receivables		(166)	4,406	14,861	1,026		1,026	1,026	21,996	23,161	24,296
Inventory	2	404	338	354	742	742	742	377	354	373	391
Total current assets		75,986	88,977	52,545	88,529	87,503	88,529	57,159	91,566	96,419	101,144
Non current assets											
Long-term receivables										-	-
Investments										-	-
Investment property		18,095	14,286	14,286	18,095	18,095	18,095	18,095	14,286	15,043	15,780
Investment in Associate										-	-
Property, plant and equipment	3	243,182	145,181	188,512	436,237	436,237	436,237	-	632,248	665,757	698,379
Agricultural											
Biological											
Intangible		377	218	298	1,798	1,798	1,798	1,798	298	314	329
Other non-current assets											
Total non current assets		261,654	159,685	203,096	456,129	456,129	456,129	19,893	646,832	681,114	714,489
TOTAL ASSETS		337,639	248,662	255,642	544,658	543,632	544,658	77,052	738,398	777,533	815,632
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	1,755	25,150	16,039	28,462	26,445	26,445	-	31,220	32,875	34,486
Provisions		1,119							4,326	4,555	4,778
Total current liabilities		2,874	25,150	16,039	28,462	26,445	26,445	-	35,546	37,430	39,264
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		2,874	25,150	16,039	28,462	26,445	26,445	-	35,546	37,430	39,264
NET ASSETS	5	334,765	223,512	239,603	516,197	517,187	518,213	77,052	702,852	740,104	776,369
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		330,863	219,318	233,575	142,956	141,930	141,930	75,099	67,847	71,443	74,943
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	330,863	219,318	233,575	142,956	141,930	141,930	75,099	67,847	71,443	74,943

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.

Table A7 - Budgeted Cash Flows
 EC442 Umzimvubu - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		4,975	14,747	10,427	10,600	10,600	10,600	8,950	9,432	9,932	10,419
Government - operating	1				97,233	98,168	98,168	98,168	109,767	115,914	122,173
Government - capital	1	93,063	79,373	135,120	31,157	31,157	31,157	31,157	34,926	36,882	38,873
Interest		–	5,751	4,346	3,500	3,500	3,500	3,500	3,730	3,939	4,152
Dividends											
Payments											
Suppliers and employees		28,400	33,632	43,088	6,031	44,810	44,810	44,810	106,808	112,469	117,980
Finance charges		50,748	63,651	74,533	1	8	8	20	21	22	23
Transfers and Grants	1	–	1,502	21,821							
NET CASH FROM/(USED) OPERATING ACTIVITIES		177,186	198,656	289,335	148,522	188,242	188,242	186,605	264,684	279,158	293,620
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	(38)	100	–	–	50	105	111	116
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables		2,851	2,448	2,762							
Decrease (increase) in non-current investments											
Payments											
Capital assets		40,796	35,683	41,388	81,898	81,898	81,898	81,898	112,853	118,834	124,657
NET CASH FROM/(USED) INVESTING ACTIVITIES		43,647	38,131	44,112	81,998	81,898	81,898	81,948	112,959	118,945	124,774
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		220,833	236,787	333,447	230,520	270,140	270,140	268,553	377,643	398,103	418,394
Cash/cash equivalents at the year begin:	2	66,006	286,838	523,626				–	29,625	407,267	805,370
Cash/cash equivalents at the year end:	2	286,838	523,626	857,072	230,520	270,140	270,140	268,553	407,267	805,370	1,223,764

References

Table A8 – Cash backed reserves/ accumulated surplus
EC442 Umzimvubu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	286,838	523,626	857,072	230,520	270,140	270,140	268,553	407,267	805,370	1,223,764
Other current investments > 90 days		(220,833)	(442,926)	(827,448)	(144,785)	(184,405)	(184,405)	(212,797)	(339,953)	(734,488)	(1,149,409)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		66,006	80,699	29,625	85,735	85,735	85,735	55,756	67,315	70,882	74,356
Application of cash and investments											
Unspent conditional transfers		132	9,911	2,017	2,017	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(4,206)	8,531	(3,386)	25,000	25,655	24,818	(1,858)	22,619	23,833	25,026
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(4,074)	18,442	(1,369)	27,017	25,655	24,818	(1,858)	22,619	23,833	25,026
Surplus(shortfall)		70,080	62,257	30,994	58,718	60,080	60,917	57,614	44,696	47,050	49,330

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves

Table A8 – Cash backed reserves/ accumulated surplus
EC442 Umzimvubu - Table A9 Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	-	-	148,907	48,977	56,699	53,441	97,227	102,380	107,384
<i>Infrastructure - Road transport</i>		-	-	142,126	47,157	52,079	49,014	52,795	55,593	58,317
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	1,206	400	660	537	300	316	331
Infrastructure		-	-	143,332	47,557	52,739	49,551	53,095	55,909	58,649
Community		-	-	5,576	700	3,400	3,400	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	720	560	490	44,132	46,471	48,735
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
<i>Infrastructure - Road transport</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	142,126	47,157	52,079	49,014	52,795	55,593	58,317
<i>Infrastructure - Road transport</i>		-	-	142,126	47,157	52,079	49,014	52,795	55,593	58,317
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	1,206	400	660	537	300	316	331
Infrastructure		-	-	143,332	47,557	52,739	49,551	53,095	55,909	58,649
Community		-	-	-	-	-	-	-	-	-

		-	-	5,576	700	3,400	3,400	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	720	560	490	44,132	46,471	48,735
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	148,907	48,977	56,699	53,441	97,227	102,380	107,384
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Infrastructure - Road transport</i>										
<i>Infrastructure - Electricity</i>										
<i>Infrastructure - Water</i>										
<i>Infrastructure - Sanitation</i>										
<i>Infrastructure - Other</i>										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		18,095	14,286	14,286	18,095	18,095	18,095	14,286	15,043	15,780
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		377	218	298	1,798	1,798	1,798	298	314	329
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	18,472	14,504	14,584	19,893	19,893	19,893	14,584	15,357	16,110
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		9,943	6,971	-	-	31,000	31,000	32,674	34,504	36,367
<u>Repairs and Maintenance by Asset Class</u>	3	-	-	-	3,584	3,129	3,050	2,520	2,653	2,783
<i>Infrastructure - Road transport</i>		-	-	-	500	500	500	450	474	497
<i>Infrastructure - Electricity</i>		-	-	-	700	700	700	600	632	663
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	1,200	1,200	1,200	1,050	1,106	1,160
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	2,384	1,929	1,850	1,470	1,548	1,623
TOTAL EXPENDITURE OTHER ITEMS		9,943	6,971	-	3,584	34,129	34,050	35,194	37,157	39,150
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	0.8%	0.7%	0.7%	0.4%	0.4%	0.4%
Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	18.0%	16.0%	15.0%	17.0%	17.0%	17.0%

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure

5. *Must reconcile to 'Budgeted Financial Position' (written down value)*
6. *Donated/contributed and assets funded by finance leases to be allocated to the respective category*
7. *Including repairs and maintenance to agricultural, biological and intangible assets*

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 2012/13 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 2011/12 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 2012/13

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 2010, which the draft budget was to be approved by 31 March 2012, section 24 MFMA, however Circular 58 and 59 gave guidance to municipalities in preparation of the draft.

Public meetings will held in all 27 wards:

IDP OUTREACH PROGRAMME

23 April 2012

TEAM A	TEAM B	TEAM C	TEAM D	TEAM E	TEAM F	TEAM G
<i>Ward 1</i>	<i>Ward 2</i>	<i>Ward 3</i>	<i>Ward 4</i>	<i>Ward 5</i>	<i>Ward 6</i>	<i>Ward 7</i>
<i>Lower Brooksnek - church</i>	<i>Lubaleko Hall</i>		<i>Betshwane Hall</i>	<i>Nzongiseni Hall</i>		
Cllr. Hem	Cllr. Mwezula	Cllr. Nkqayi	Cllr Mpepanduku	Cllr. Mpakumpaku	Cllr Jona	Cllr. Mlenzana
TEAM LEADERS						
Cllr. Phangwa	Cllr. Sisilana	Cllr. Ngalonkulu	Cllr. Mpumlwana	Cllr. Ndevu	Cllr. Bulana	Cllr. Nkula
PR CLLR'S						
Cllr. Nkula	Cllr. Myingwa	Cllr. Ngalonkulu	Cllr. Mpumlwana	Cllr. Pakkies	Cllr Mabindisa	Cllr. Gwebani
INVITED CLLR'S						
Cllr. Mgweba	Cllr. Mpanda	Cllr. Boyce	Cllr. Mataka	Cllr. Mbele	Cllr. Ntwakumba	Cllr. Goqa
Cllr. Mabindisa	Cllr. Pakkies	Cllr. Mnukwa	Cllr. Godlo	Cllr. Mambi	Cllr. Gcadinja	Cllr. Sishuba
TRADITIONAL LEADERS						
OFFICIALS						
Mr. Ntonga	Ms. Kubone	Mr. Sineke	Mr. Hloba	Ms. Batyi	Mr. Kulu	Mr. Nota
Mr. Morlock	Ms. Siwahla	Mr. Kweleta	Mr. Maqungo	Mr. Maphumulo	Mr. Mketsu	Ms. Msuthu
CDW'S						

B. Ndamase N. Mgweba	N. Mvulana S. Jojo	X. Mfunte M. Zungula	Z. Ngeyane P. Mkhonto	O. Nqatsha	M. Zungula N. Ndzelu	Z. Ngeyane P. Mkhonto
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24 April 2012

TEAM A	TEAM B	TEAM C	TEAM D	TEAM E	TEAM F	TEAM G
<i>Ward 8</i>	<i>Ward 9</i>	<i>Ward 10</i>	<i>Ward 11</i>	<i>Ward 12</i>	<i>Ward 13</i>	<i>Ward 14</i>
<i>Lugelweni Hall</i>	<i>Goso church hall</i>	<i>Colana JSS</i>	<i>Rode Hall</i>	<i>Nopoyi Hall</i>	<i>Sihlahleni JSS</i>	<i>Huku Hall</i>
Cllr. Jojo	Cllr. Mendu	Cllr. Nyangane	Cllr. Gogela	Cllr. Mtebele	Cllr. Ndawo	Cllr. Zililo
TEAM LEADERS						
Cllr. Nkqayi	Cllr. Bulana	Cllr. Ndevu	Cllr. Qasha	Cllr. Ngalonkulu	Cllr. Mpumlwana	Cllr. Thingathinga
PR CLLR'S						
Cllr. Goqa	Cllr. Bulana	Cllr. Godlo	Cllr. Qasha	Cllr. Mngweba	Cllr. Mpumlwana	Cllr. Makanda
INVITED CLLR'S						
Cllr. Ripa	Cllr. Mambi	Cllr. Mlandu	Cllr. Mabhanya	Cllr. Mwezula	Cllr. Nogcantsi	Cllr. Mlenzana
Cllr. Gcadinja	Cllr. Mantshongo	Cllr. Nogcantsi	Cllr. Mpakumpaku	Cllr. Jona	Cllr. Mnukwa	Cllr. Ndawo
TRADITIONAL LEADERS						
Chief N. Fikeni Chief B. Jojo		Chief Makaula	Chief Sontsi Chief Ncapai	Chief F. Makaula		
OFFICIALS						
Ms. Kubone	Mr. Sineke	Mr. Hloba	Ms. Batyi	Mr. Kulu	Mr. Ntonga	Mr. Nota
Ms. Siwahla	Mr. Lwana	Mr. Maqungo	Mr. Mlenzana	Mr. Mandlana	Mr. Morlock	Mr. Kweleta
CDW'S						

T. Faye	S. Ntondini	V. Ngodwana	X. Mfunte	M. Siswana	T. Faye	A. Langa
N. Ndzelu		N. Mbebe	B. Gubelana		S. Ntondini	S. Godlo

25 April 2012

TEAM A	TEAM B	TEAM C	TEAM D	TEAM E	TEAM F	TEAM G
<i>Ward 15</i>	<i>Ward 16</i>	<i>Ward 17</i>	<i>Ward 18</i>	<i>Ward 19</i>	<i>Ward 20</i>	<i>Ward 21</i>
<i>Moyeni Hall</i>						<i>Goqa JSS</i>
Cllr. Sonyabashi	Cllr. Cekeshe	Cllr. Mankanku	Cllr. Xezu	Cllr. Jijana	Cllr. Ngabaza	Cllr. Ngonyolo
TEAM LEADERS						
Cllr. Pangwa	Cllr. Qasha	Cllr. Ngalonkulu	Cllr. Sisilana	Cllr. Nkqayi	Cllr. Pangwa	Cllr. Ndevu
PR CLLR'S						
Cllr. Sishuba	Cllr. Qasha	Cllr. Ngalonkulu	Cllr. Sisilana	Cllr. Mbele	Cllr. Pangwa	Cllr. Gcadinja
INVITED CLLR'S						
Cllr. Ndabeni	Cllr. Mpepanduku	Cllr. Jojo	Cllr. Myingwa	Cllr. Nogcantsi	Cllr. Mabindisa	Cllr. Mpakumpaku
Cllr. Nyangane	Cllr. Gogela	Cllr. Mantshongo	Cllr. Ntwakumba	Cllr. Jona	Cllr. Ripa	Cllr. Gogela
TRADITIONAL LEADERS						
Chief T. Makaula		Chief M. Sogoni				
OFFICIALS						
Mr. Sineke	Mr. Hloba	Ms. Batyi	Mr. Kulu	Mr. Ntonga	Ms. Kubone	Mr. Nota
Mr. Kweleta	Mr. Maqungo	Mr. Maphumulo	Mr. Mandlana	Mr. Morlock	Ms. Siwahla	Mr. Mketsu

CDW'S						
B. Gubelana	N. Hlaziya		S. Ntondini	M. Ngcingwana	S. Ntondini	N. Gubelana
N. Siswana	M. Ngcingwana			T. Matshoba		N. Mbebe

26 April 2012

TEAM A	TEAM B	TEAM C	TEAM D	TEAM E	TEAM F
<i>Ward 22</i>	<i>Ward 23</i>	<i>Ward 24</i>	<i>Ward 25</i>	<i>Ward 26</i>	<i>Ward 27</i>
<i>Njijini Hall</i>	<i>Nompilo Preschool</i>	<i>Zibolorhweni Hall</i>	<i>Ngojini Hall</i>	<i>Zwelijikile Hall</i>	<i>Mpendla Hall</i>
Cllr. Ngalonkulu	Cllr. Ngqasa	Cllr. Kwekwile	Cllr. Sobahle	Cllr. Ndabeni	Cllr. Nogcantsi
TEAM LEADERS					
Cllr. Bulana	Cllr. Mpumlwana	Cllr. Ngalonkulu	Cllr. Ndevu	Cllr. Sisilana	Cllr. Pangwa
PR CLLR'S					
Cllr. Bulana	Cllr. Makanda	Cllr. Mnukwa	Cllr. Ndevu	Cllr. Sisilana	Cllr. Pangwa
INVITED CLLR'S					
Cllr. Mantshongo	Cllr. Zililo	Cllr. Mambi	Cllr. Ngabaza	Cllr. Mabindisa	Cllr. Xezu
Cllr. Gcadinja	Cllr. Ntwakumba	Cllr. Mnukwa	Cllr. Mlandu	Cllr. Myingwa	Cllr. Mbele
TRADITIONAL LEADERS					
Chief Sodladla					
OFFICIALS					
Mr. Hloba	Ms. Batyi	Mr. Kulu	Mr. Ntonga	Ms. Kubone	Mr. Sineke
Mr. Maqungo	Mr. Maphumulo	Mr. Mketsu	Mr. Morlock	Ms. Siwahla	Mr. Kweleta
CDW'S					
S. Kakaza	Z. Mandla	N. Godlo	O. Nqasha	Z. Ngeyane	M. Ngcingwana



The final budget is to be approved by council by the end of May 2012

The 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.

Operating expenditure in 2011/12 is R140 million, a 5.9% increase of the full year forecast for 2010/11 financial year

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. The SDBIP is attached

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: A municipality that is known to put its community first. We will render quality services through our employees and create a platform for vital economic activity which will create sustainable financial viability and development for a better life for all.

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

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 they 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.umzimbubum.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	Type	Date of Council adoption	Purpose/Basic areas covered by the Policy	Summary of changes	Responsible Official
REVENUE RELATED					
Tariff	Unchanged		Setting criteria for establishing service tariffs	n/a	XN Msuthu
Rates	Unchanged	31 May 2009	Setting criteria for establishing rates tariffs	n/a	XN Msuthu
Credit Control	Changed		Principles and guidelines to be followed with respect to arrear consumer debt control	Debtors may be referred to 3 rd party debt collection agencies and may be placed on the National Credit Rating List If an account is not paid by the due date, interest will be charged on overdue accounts at 5% interest rate reviewable annually. All legal costs, including attorney and own client costs incurred in the recovery of arrears, shall be levied against the debtors account	XN Msuthu
Revenue Collection	No formal policy	n/a	n/a	n/a	XN Msuthu
Indigent support	Unchanged		Guidelines and	n/a	XN Msuthu

			procedures for the subsidizing of rates and basic services to indigent households		
BUDGET & EXPENDITURE RELATED					
Supply Chain	Changed		Dictates procedures for the procurement of goods and services	Amendment: Replace 90/10 and 80/20 PPPF with new B-BBEE score card Increase 80/20 from R200 000.00 to R1 million, increase 90/10 from R1 million upwards New Supplier Database form as we are using Munsoft System Turnaround time for awarding of tenders	S. Lwana
Petty Cash	Changed		To ensure economic use & efficiency of municipal resource & to ensure speedy service delivery	Petty cash amount has increased from R2500 to R8000	NF Siwahla
Cash Management	Changed		To outline Creditors' payment terms	Suppliers will be paid weekly. Invoices are submitted every Monday December salaries will be paid on the 15 th .	NF Siwahla
Subsistence and Travelling Policy	Changed		To regulate travelling costs of both councilors and staff	An extra standard 10kms to be added to standard kms	NF Siwahla

				return trips	
Budget Policy	Changed	n/a	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	<p>Depreciation and finance charges together shall not exceed 20% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.</p> <p>Budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 35% of the aggregate operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councilors shall be excluded from this limit</p>	S. Kweleta

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 72% payment level. This is in line with all our trends in the last 18 months and reflects similar outcome as at June 2010. This is below as compared to the the outcomes of previous years.

External factors (population migration, employment, etc)

Over the recent years Umzimvubu has experienced rapid population growth. 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 2012,2013 and 2014 are 5.9%, 5.3% and 4.9% 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 2011/12 R '000	Indicative 2012/13 R '000	Indicative 2013/14 R '000
Rate	8,000	8,424	8,887
Refuse	1,000	1,053	1,104

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

The following bad debt provision and collection rates are assumed in the MTREF for rates and tariffs

	Budget 2011/12 R '000	Indicative 2012/13 R '000	Indicative 2013/14 R '000
Provision for bad debts	3,162	3,319	3,519
Table A4: Debt impairment			
Assumed collection rate			
Supporting Table: SA10: Cash receipts % of ratepayers and other revenue			

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 2011/12 R '000	Indicative 2012/13 R '000	Indicative 2013/14 R '000
Cost of free basic services	1,000	1,146	1,552
Revenue cost of free services and all other rebate provided	814	859	906

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 years the municipality received an adverse from Auditor General, and in the 2009/10 financial year has received qualified audit report with exceptions. The shift from IMFO to GRAP has had a huge ramifications not least amongst the professional staffing at a local government level. 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 has to take steps to manage this situation rather better than currently is.

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 internal funding, however the municipality is contemplating on other funding models.

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 2011/12 to 2013/14 is summarised in the table below. Note that the expenditures include the Vat portion that is recognised

Grant Name	Allocation Authority/Department	Budget 2011/12 R '000	Indicative 2012/13 R '000	Indicative 2013/14 R '000	Purpose
Equitable Share	National Government	106,050	113,969	123,934	
Finance Management Grant	National Government	1,500	1,500	1,750	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	800	870	950	To assist municipalities in building in house to perform their functions and stabilise institutional and government systems
Municipal Infrastructure Grant	National Government	37,795	39,869	42,174	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
Intergrated Electrification Programme	National Government	30,000			To build electricity infrastructure

Section 12 - Allocations and grants made by the Municipality

Allocations made by the Municipality

Refer to “ Supporting Table SA21: Transfer and grants made by the municipality. The main allocation is to Alfred Nzo Community Radio which is budgeted to receive R250 000 in 3011/12.

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 2012/13 R'000	Indicative 2013/14 R'000	Indicative 2014/15 R'000
Indigent Support	1,600	2,306	2,431

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 7.4% has been effected on this 2012/13 budget. The budget for councillors’ allowances has increased as the number of councillors has increased from 47 to 54 because of the demarcation.

Umzimvubu has employed 240 employees in order to carry out service delivery. Employee cost has been calculated at an estimated CPI 5.9% increase plus 1.5% per the SALGA. The municipality is fully implementing the outcomes of job evaluation which started last year on the 1 July 2010, and some of the posts were frozen because of the non affordability by the municipality. However any projected savings will be prioritised for the use against frozen posts that have been identified as critical to fill before 1 January 2012 as to accelerate current service delivery programmes.

These changes to salary budget will be tabled before council for approval as part of Adjustment Budget in February 2013

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 R204million, 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 s 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 Act 2011 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 2011/12

Annexure 4

Municipal Budget Circular for the 2010/11 MTREF – MFMA Circular 58 & 59

Annexure 5

Process Plan 2012/13

Annexure 6 – Policies

- *Property rates*
- *Credit control*
- *Indigent & rebate*
- *Tariff*
- *Petty Cash*
- *Supply Chain Management*
- *Lost Control*
- *Mayoral Vehicle*
- *Budget*
- *Banking*

Annexure 7

Draft Service Delivery and Budget Implementation Plan

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 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 _____