

**ANNUAL BUDGET OF**  
**UMSOBOMVU**  
**MUNICIPALITY**

**2014/15 TO 2016/17**

**MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

## **Part 1 – Annual Budget**

### **1.1 Mayor’s Report**

The Honourable Chief Whip, Cllr. Mdala  
Councilors of Umsobomvu Municipality  
Leaders of the Opposition Parties  
Leaders of All Political Parties  
The Municipal Manager and Officials  
Honourable Guests  
Ladies and Gentlemen

It is my pleasure to be able to submit to you the third Revised Integrated Development Plan for years (2012-2017) as well as the Medium Term Revenue and Expenditure framework (MTREF) for 2015 -2017 through for the Umsobomvu Municipal council.

We are fresh from the National and Provincial Government Elections where there was a general resonance that there is a good story to tell and Umsobomvu Municipality is not exempted from this wonderful good story.

As we are marching forward in bettering the lives of the people we must equally be mindful of the economic environment in which we as Umsobomvu Municipality function is not easy considering our high rate of unemployment, poverty, inequality and poor revenue base made worse, over the past few years, by the downturn in the economy caused by the world economic recession resulting in such negative economic contributors as sky rocketing fuel and food prices.

In the light of these factors over which we have little or no control we are faced as a municipality with a daunting task and the challenge of the following:

- A huge backlogs in service delivery,
- The socio-economic problems of high unemployment and poverty levels.

- The gross inequalities that exist in our society.
- The unemployed young people who are destitute and directionless.

Today I am able to report to you on the progress made in implementing financial controls, processes and procedures resulting in the drafting of a credible IDP and a credible budget linked and driven by our IDP and the national objectives of:

- Service delivery.
- Financial viability and management.
- Local economic development.
- Municipal institutional development and transformation.
- Good governance and public participation.

The institution is has done considerably well in terms of delivering services whilst there will also be a room for improvement.

We as Council committed ourselves to lead by example in ensuring strict financial oversight and compliance with the guidelines of National Treasury as set out in circular 51- 72 and 66 of the MFMA.

In order to achieve this we as the Council committed ourselves to providing leadership based on a culture of honesty, ethical business practices and good governance by exercising our oversight responsibility regarding financial and performance reporting as well as adherence to compliance and implementation of internal controls.

We identified the need to support the Accounting Officer and address the management of the financial affairs of the municipality as a matter of urgency.

Allow me now to highlight areas of focus within our departments.

**.Corporate services:**

- Our organogram has been developed to ensure that it is consistent with the needs of the organisation. In the months ahead we will be implementing the budgeted positions as approved and adopted by Council with this budget.

- The effectiveness of the governance systems is being assessed and staff within the institution must work in an integrated and focussed manner driven by the IDP.
- We are striving that Umsobomvu Municipality becomes an employer of choice that capacitates both the councillors and staff.

### **Community services:**

- The areas I wish to highlight within the community services department relate to revenue enhancement and solid waste sites.
- The solid waste site and its completion in all areas remain a priority and we will continue in the new financial year to access and allocate funds to this critical area within community services.

### **Infrastructure:**

- The focus of MIG funding will be to ensure that projects are identified within community and infrastructure to ensure the maximum impact on our community.
- The emphasis will be on finalising our road projects and continuing on the electrification of our townships.
- The bulk of the MIG and RBIG funding is still committed to water projects in all three towns.
- A major project on roads in Kuyasa will also start in the new financial year

### **We have allocated R 39 million toward infrastructure, economic and environmental services**

### **Finance:**

- The process is ongoing to ensure credible data that forms the basis of our financial reporting and to this end we will ensure that the Abakus system is implemented and used as a management tool.
- As a municipality we are grant dependant and to this end it is necessary to develop a plan for revenue enhancement to reduce our dependence and improve our financial viability. Hence one of the projects under financial viability is the development of a revenue enhancement project continuously.

- In the new financial year we will look to ward councillors and committees in assisting us with our debt management and will further table to council strategies and plans to improve our current collection and payment rate to up to at least 95%.

### **Budget figures**

The budget we table today projects the following:

#### **Increases**

The tariff increases on services will be an average of 6%

The draft NERSA approval is received on a 7% electricity increase.

#### **By-laws and policies**

Council has by- laws and policies in place which was subjected to a review process in April 2014 for tabling to council by 30 May 2014

#### **Income and expenditure**

##### **Operating budget**

<b>Total revenue:</b>	<b>R 101,301million</b>
<b>Total expenditure</b>	<b>R 126,029million</b>
<b>Projected surplus:</b>	<b>R 24,728million</b>

The implication of this is to alert us to the need for strict budget implementation and control during the financial year.

**Capital budget:**

<b>Grant funding:</b>	<b>R39 million</b>
<b>Own funds:</b>	<b>R1,550million</b>
<b>Total capital expenditure:</b>	<b>R40,550million</b>

I hereby table the Medium term Revenue and Expenditure Framework for 2015 through 2017 for adoption by the Umsobomvu Local Council as per the resolutions below:

.....

**CLLR NL HERMANS**

**MAYOR**

## 1.2 Council Resolutions

On 31 March 2014 the Council of Umsobomvu Municipality Local Municipality met in the Council Chambers of Umsobomvu Municipality to consider the draft annual budget of the municipality for the financial year 2014/2015. The Council approved and adopted the following resolutions:

1. The Council of Umsobomvu Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2014/2015 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 7 on page 35;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 8 on page 37;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 10 on page 40; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 11 on page 43.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 12 on page 45;
    - 1.2.2. Budgeted Cash Flows as contained in Table 13 on page 47;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 14 on page 49;
    - 1.2.4. Asset management as contained in Table 15 on page 51; and
    - 1.2.5. Basic service delivery measurement as contained in Table 16 on page 54.
2. The Council of Umsobomvu Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:
  - 2.1. the tariffs for property rates – as set out in Annexure B,
  - 2.2. the tariffs for electricity – as set out in Annexure B
  - 2.3. the tariffs for the supply of water – as set out in Annexure B
  - 2.4. the tariffs for sanitation services – as set out in Annexure B
  - 2.5. the tariffs for solid waste services – as set out in Annexure B
3. The Council of Umsobomvu Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs for other services, as set out in Annexure G1 to G21 respectively.

4. To give proper effect to the municipality's annual budget, the Council of Umsobomvu Municipality Local Municipality approves:
  - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

### 1.3 Executive Summary

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

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality of nearly R.393 million or 1.8 percent of the current financial year's adjusted budget. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

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

National Treasury's MFMA Circular No. 58 and 59 were used to guide the compilation of the 2014/2015 MTREF.

The main challenges experienced during the compilation of the 2014/2015 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2014/2015 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2014/2015 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/2015 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An upper limit of R126million was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - Special Projects;
  - Furniture and office equipment;
  - Refreshments and entertainment;
  - Ad-hoc travelling; and
  - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/2015 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2014/2015 MTREF**

<b>R Thousand</b>	<b>Adjustment Budget 2013/2014</b>	<b>Budget Year 2014/2015</b>	<b>Budget Year + 1 2015/2016</b>	<b>Budget Year + 2 2016/2017</b>
<b>Total operating Revenue</b>	R 100,806	R 101,301	R 108,581	R 112,451
<b>Total Operating Expenditure</b>	R 129,254	R 126,029	133,197	R137,621
<b>(Surplus) Deficit</b>	(R 28,448)	(R 24,728)	(R24,616)	(R 25,170))
<b>Total Capital Expenditure</b>	R 64,585	R 43,091	R 45,753	R 34,343

Total operating revenue has remained the same for the 2014/2015 financial year when compared to the 2013/14 Adjustments Budget mainly due to operational grants received for special projects that was received in the 2013/2014 financial year. For the two outer years, operational revenue will increase by 7.18 and 3.56 per cent respectively, equating to a total revenue growth of R11,645 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/2015 financial year has been appropriated at R126.029 million and translates into a budgeted deficit of R 24.728 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has decreased by 2.5 per cent in the 2014/2015 budget and increased by 5.69 and 3.32 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years decreases to R24.616 and R25.993 respectively. These deficits are non-cash related and are due to the council providing for infrastructure impairment and depreciation.

The capital budget of R43.091 million for 2014/2015 is 33.28 per cent less when compared to the 2013/14 Adjustment Budget. The decrease is a result of some projects being completed and some close to completion. The capital programme decreases to R43.091 million in the 2014/15 financial year and then increases by 6.18 per cent in 2015/16 to R 45.753 million. All capital over the MTREF will be financed by Grants from National and own revenue.

Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has remained the same and will continue over the next five years due to new loans taken up in the past year, as a result of the need to replace specialised vehicles needed to meet the increased demand in services to be delivered. Consequently, the capital budget remains relatively flat over the medium-term.

## 1.4 Operating Revenue Framework

For Umsobomvu Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- 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.

The following table is a summary of the 2014/2015 MTREF (classified by main revenue source):

**Table 1 Summary of revenue classified by main revenue**

Table 3 Percentage Growth in Revenue

Description	Current Year 2013/14			2014/15 medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	% Increase/Decrease	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Property Rates</b>	4,445,640.00	4,746,080.00	4,746,080.00	5,030,845.00	6.00	5,332,695.00	5,652,658.00
<b>Property Rates-Penalties &amp; Collection Charges</b>	159,000.00	159,000.00	159,000.00	168,540.00	6.00	178,652.00	189,372.00
<b>Service Charges - Electricity Revenue</b>	21,060,000.00	25,757,700.00	25,757,700.00	27,752,812.00	7.75	29,696,442.00	31,997,350.00
<b>Service Charges - Water Revenue</b>	9,180,000.00	9,180,000.00	9,180,000.00	9,931,254.00	8.18	10,527,129.00	11,158,757.00
<b>Service Charges- Sanitation Revenue</b>	6,804,423.36	6,935,000.00	6,935,000.00	7,417,821.00	6.96	7,862,831.00	8,334,541.00
<b>Service Charges Refuse Revenue</b>	5,198,060.00	5,422,052.00	5,422,052.00	5,725,794.00	5.60	6,069,341.00	6,433,502.00
<b>Rental of Facilities and Equipment</b>	307,630.00	374,694.40	374,694.40	395,540.00	5.56	417,636.00	441,058.00
<b>Interest Earned - External Investment</b>	21,500.00	512,000.00	512,000.00	312,000.00	(39.06)	312,000.00	312,000.00
<b>Interest Earned - Outstanding Debtors</b>	1,328,300.00	1,325,000.00	1,325,000.00	1,426,994.00	7.70	1,517,492.00	1,742,019.00
<b>Fines</b>	12,600.00	1,500,000.00	1,500,000.00	1,575,000.00	5.00	1,653,750.00	1,736,438.00
<b>Licenses and Permits</b>	373,242.34	592,568.16	592,568.16	710,282.00	19.87	745,681.00	782,850.00
<b>Agency Services</b>	84,000.00	84,000.00	84,000.00	-	(100.00)	-	-
<b>Transfers Recognised- Operational</b>	35,116,500.00	39,929,500.00	39,929,500.00	36,664,400.00	(8.18)	40,073,950.00	41,374,200.00
<b>Other Revenue</b>	4,288,850.00	4,288,850.00	4,288,850.00	4,189,588.60	(2.31)	4,193,869.51	2,296,607.29
<b>Total Revenue ( Excluding Capital Transfers and Contributions)</b>	88,379,746.10	100,806,444.56	100,806,444.56	101,300,870.60	0.49	108,581,468.51	112,451,352.29

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than half of the total revenue mix. In the 2013/14 financial year, revenue from rates and services

charges totalled R 52.2 million or 51.78 per cent. This increases to R56.027 million, R59.667 million and R 63.766 million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in MBRR SA1 (see page 124).

Property rates is the smallest revenue source from services totalling 9.01 per cent or R5.031 million rand and increases to R5.333 million by 2015/16. The smallest source is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R 36.664 million in the 2014/2015 financial year and steadily increases to R40.074 million by 2015/16. Note that the year-on-year decrease for the 2014/2015 financial year is 8.18 per cent and then increases by 9.3 and 3.24 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 2 Operating Transfers and Grant**

## NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>25,707</b>	<b>28,335</b>	<b>31,619</b>	<b>34,402</b>	<b>34,152</b>	<b>34,152</b>	<b>35,673</b>	<b>38,389</b>	<b>39,417</b>
Equitable share	23,637	26,095	29,319	30,684	30,684	30,684	32,382	34,906	35,718
FINANCE MANAGEMENT	1,215	1,450	1,500	1,650	1,650	1,650	1,800	1,950	2,100
MSIG	750	790	800	890	890	890	934	967	1,018
MIG ADMIN - PMU	-	-	-	678	678	678	557	566	581
Energy Efficiency and Demand Management	105	-	-	500	250	250	-	-	-
SUBSIDY STATE	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	<b>359</b>	<b>522</b>	<b>715</b>	<b>715</b>	<b>708</b>	<b>708</b>	<b>991</b>	<b>1,685</b>	<b>1,957</b>
DEPT ART & CULTURE (LIBRARY)	359	522	715	715	708	708	991	1,685	1,957
YOUTH PROGRAMS	-	-	-	-	-	-	-	-	-
IMMUNISATION GRANT	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
DISTRICT MUNICIPALITY	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,600</b>	<b>3,600</b>	<b>-</b>	<b>-</b>	<b>-</b>
IEC INFRASTRUCTURE	-	-	-	-	3,600	3,600	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>26,066</b>	<b>28,857</b>	<b>32,334</b>	<b>35,117</b>	<b>38,460</b>	<b>38,460</b>	<b>36,664</b>	<b>40,074</b>	<b>41,374</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>1,620</b>	<b>45,492</b>	<b>51,921</b>	<b>55,973</b>	<b>47,473</b>	<b>47,473</b>	<b>43,091</b>	<b>45,753</b>	<b>32,043</b>
RBIG - DWAF	-	37,869	28,350	35,000	31,000	31,000	30,000	30,000	18,000
HOUSING PROJECTS	1,620	1,664	-	-	-	-	-	-	-
EEDG	-	59	5,000	4,500	-	-	-	-	-
MIG - CAPITAL	-	3,584	14,271	12,873	12,873	12,873	10,591	10,753	11,043
INEP	-	2,316	3,300	2,600	2,600	2,600	1,500	5,000	3,000
EPWP	-	-	1,000	1,000	1,000	1,000	1,000	-	-
<b>Provincial Government:</b>	<b>2,804</b>	<b>298</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
DISASTER	-	-	-	-	-	-	-	-	-
DEPRT OF SAFETY	2,804	298	-	-	-	-	-	-	-
EPWP	-	-	-	2,500	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
DISTRICT MUNICIPALITY	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,600</b>	<b>-</b>	<b>-</b>	<b>-</b>
Kgotso Pula Nala	-	-	-	-	-	2,600	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>4,424</b>	<b>45,790</b>	<b>51,921</b>	<b>58,473</b>	<b>47,473</b>	<b>50,073</b>	<b>43,091</b>	<b>45,753</b>	<b>32,043</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>30,490</b>	<b>74,647</b>	<b>84,255</b>	<b>93,589</b>	<b>85,932</b>	<b>88,532</b>	<b>79,755</b>	<b>85,827</b>	<b>73,417</b>

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

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

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

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

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). ;
- 20 per cent rebate will be granted on all state owned properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

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

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/2015 financial year based on a 6 per cent increase from 1 July 2014 is contained below:

**Table 5 Comparison of Proposed Rates**

<b>Category</b>	<b>Current Tariff (1 July 2013)</b>	<b>Proposed Tariff (From 1 July 2014)</b>
<b>Residential Properties</b>	0.011573	0.010879
<b>State Owned Properties</b>	0.01866	0.017541
<b>Business &amp; Commercial</b>	0.0129267	0.012869
<b>Agricultural</b>	0.00273	0.002720

### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 6.5 per cent from 1 July 2014 for water is proposed. This is based on input cost of inputs increasing by 6 per cent and the commissioning of the extended water treatment works. In addition 6 kℓ water per 30-day period will again be granted at a subsidized price to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 6 Proposed Water Tariffs**

<b>Category</b>	<b>Current Tariffs 2013/14 Rand per kl</b>	<b>Proposed Tariffs 2014/15 Rand per kl</b>	<b>Percentage Change</b>
<b>Residential</b>			
(i) 0 to 6 kl per 30-day period	R4.17	R4.44	6.5%
(ii) 7 to 20 kl per 30-day period	R5.03	R5.36	6.5%
(iii) 21- 30kl per 20-day period	R6.47	R6.89	6.5%
(iv) 30+	R8.54	R9.09	6.5%
<b>Non Residential</b>			
(i) 0-60kl per 30-day period	6.12	6.52	6.5%
(ii) 61kl per 30-day period	8.22	8.76	6.5%

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

**Table 7 Comparison Between Current Water Charges and Increases (Domestic)**

Monthly Consumption Kl	Current Amount Payable R	Proposed Amount Payable R	Difference (Increase) R	Percentage Change %
20	R 95.51	R101.76	<b>R 6.25</b>	<b>6.5%</b>
30	R160.61	R171.08	<b>R 10.47</b>	<b>6.5%</b>
40	R 246.87	R262.89	<b>R 16.02</b>	<b>6.5%</b>

The tariff structure of the 2014/2015 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R9.01 per kilolitre for consumption in excess of 30kℓ per 30 day period.

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff had to be increased by 7 per cent to offset the additional bulk purchase cost from 1 July 2014. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period being subsidised through the equitable share.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

**Table 8 Comparison Between Current Electricity Charges And Increases ( Domestic)**

Monthly Consumption Kwh	Current Amount Payable R	Proposed Amount Payable R	Difference Increase R	Percentage Change %
100	R78.04	R 83.62	<b>R5.58</b>	<b>7%</b>
250	R206.83	R 221.62	<b>R14.79</b>	<b>7%</b>
500	R485.05	R 518.98	<b>R33.93</b>	<b>7%</b>
750	R810.79	R 867.89	<b>R57.10</b>	<b>7%</b>
1000	R1155.79	R 1,237.89	<b>R82.10</b>	<b>7%</b>
2000	R2535.79	R 2,717.89	<b>R 182.10</b>	<b>7%</b>

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof has been that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality is implementing the stepped tariff structure according to NERSA’s proposal.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980’s with an expected 20-25 year life-expectancy. The upgrading of the Municipality’s electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom’s bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. . As part of the 2015/2016 and

2016/2017 medium-term capital programme, funding has been allocated to electricity infrastructure to decrease expenditure through alternative energy and consumption reducing equipment.

### **Sanitation and Impact of Tariff Increases**

A tariff increase of 9 per cent for sanitation from 1 July 2014 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 9 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the type of consumer and the level of service provided as indicated in the table below;
- Subsidised sanitation will be applicable to registered indigents; and
- The commissioning of the new sludge activated Waste water Treatment works compared to the previous oxidation pond system  
The total revenue expected to be generated from rendering this service amounts to R7.418 million for the 2014/2015 financial year.

The following table compares the current and proposed tariffs:

### **Table 3 Comparison between current sanitation charges and increases**

**Table 9 Comparison Between Current Sanitation Charges And Increases**

Description	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
		Budget Year 2014/15	Budget Year + 1 2015/16	Budget Year + 2 2016/17
<b>Waste Water Tariffs</b>				
<b>Basic Charge/Fixed Fee (Rands/Month)</b>	85.02	92.68	98.2408	104.135248
<b>Service Point-Vacant Land (Rand/Month)</b>	49.07	53.49	56.6994	60.101364
<b>Conservancy Tank Household ( 1 Service per Month)</b>	63.68	69.41	73.5746	77.989076
<b>Conservancy Tank Household ( Additional Service per Month) : Payable in Advance</b>	67.50	73.58	77.9948	82.674488
<b>Conservancy Tank Schools per Load</b>	93.36	101.76	107.8656	114.337536
<b>Conservancy Tank Businesses per Load With Minimum of 1 Load per Month</b>	93.36	101.76	107.8656	114.337536
<b>Night soil Removal ( Per Bucket per Month)</b>	46.31	50.48	53.5088	56.719328
<b>Night Soil Rondawel (Per Bucket per Month)</b>	32.66	35.6	37.736	40.00016
<b>Meatlands Industrial Effluent per Month</b>				
<b>Meatlands Sewerage Same As Business Tariffs</b>				
<b>Meatlands Dumping Charges Of Blood And Dung per Month</b>	727.77	793.26	840.8556	891.306936
<b>Sewerage Household/Colesberg High School/ per Month</b>	85.02	92.68	98.2408	104.135248
<b>Sewerage Prison per Point per Month</b>	285.91	311.65	330.349	350.16994
<b>Sewerage Garages and State per Point per Month</b>	172.07	187.56	198.8136	210.742416
<b>Sewerage Hospital per Point per Month</b>	305.94	333.48	353.4888	374.698128
<b>Sewerage Business Normal</b>	110.21	120.13	127.3378	134.978068
<b>Sewerage Business With Minimum of 2 Points per Month</b>	170.05	185.36	196.4816	208.270496
<b>Sewerage Business Additional Connection</b>	40.93	44.62	47.2972	50.135032
<b>Sewerage Availability per Month</b>	49.07	53.49	56.6994	60.101364
<b>Meatlands per Sheep ( Effluent)</b>	0.70	0.76	0.8056	0.853936

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

**Table 10 Comparison Between Current Sanitation Charges and Increases, Single Dwelling Houses**

Monthly Sanitation Level of Service	Current Amount Payable R	Proposed Amount Payable R	Difference (Increase) %
Domestic - Conservancy tanks	63.68	69.41	9%
Domestic - Connected	85.02	92.68	9%

#### 1.4.4 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a small surplus. The main contributors to expenditure are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/2015 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

**Table 11 Comparison Between Current Waste Removal Fees and Increases (Domestic)**

	Current Tariffs 2013/2014		Proposed Tariffs 2014/2015		Difference (Increase) R	% Increase
	Waste Removal	Municipal Cleaning	Waste Removal	Municipal Cleaning		
<b>Domestic- Monthly</b>	R61.23		R66.74		R5.51	9%
<b>Additional Bin Per Month</b>	R20.86		R22.73		R1.87	9%
<b>Business</b>	R88.16		R96,09		R7.93	9%
<b>Garden Refuse Households</b>	R6.17		R6.72		R0.55	9%

**1.4.5 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household’s bills has been kept to between 7.4 and 7.6 per cent and 7.6 per cent for indigents.

**NC072 Umsobomvu - Supporting Table SA14 Household bills**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Rand/cent</b>										
<b>Monthly Account for Household - 'Middle Income Range'</b>										
<b>Rates and services charges:</b>										
Property rates	570.83	605.08	623.24	659.54	659.54	659.54		608.58	645.09	683.80
Electricity : Basic levy	49.94	52.44	55.58	59.47	59.47	59.47		64.22	68.72	73.53
Electricity : Consumption	760.00	946.50	1,075.97	1,156.67	1,156.67	1,156.67		1,237.89	1,324.54	1,417.26
Water: Basic levy	51.14	52.67	55.30	59.72	59.72	59.72		63.61	68.70	72.82
Water: Consumption	135.34	140.92	149.53	160.16	160.16	160.16		171.08	181.34	192.22
Sanitation	68.20	72.30	75.92	85.03	85.03	85.03		92.68	101.02	107.08
Refuse removal	51.90	55.01	57.76	61.23	61.23	61.23		64.90	68.79	72.92
Other										
<b>sub-total</b>	<b>1,687.35</b>	<b>1,924.92</b>	<b>2,093.30</b>	<b>2,241.83</b>	<b>2,241.83</b>	<b>2,241.83</b>	<b>2.7%</b>	<b>2,302.96</b>	<b>2,458.21</b>	<b>2,619.63</b>
VAT on Services										
<b>Total large household bill:</b>	<b>1,687.35</b>	<b>1,924.92</b>	<b>2,093.30</b>	<b>2,241.83</b>	<b>2,241.83</b>	<b>2,241.83</b>	<b>2.7%</b>	<b>2,302.96</b>	<b>2,458.21</b>	<b>2,619.63</b>
<b>% increase/-decrease</b>		<b>14.1%</b>	<b>8.7%</b>	<b>7.1%</b>	<b>-</b>	<b>-</b>		<b>2.7%</b>	<b>6.7%</b>	<b>6.6%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
Property rates	60.07	428.42	441.27	466.97	466.97	466.97		426.92	452.54	479.69
Electricity : Basic levy	49.94	49.94	55.58	59.47	59.47	59.47		64.22	68.72	73.53
Electricity : Consumption	378.48	402.00	450.31	487.92	487.92	487.92		518.98	555.31	594.18
Water: Basic levy	51.14	52.67	55.30	59.72	59.72	59.72		63.61	68.70	72.82
Water: Consumption	108.41	112.67	118.78	127.82	127.82	127.82		136.63	144.83	153.52
Sanitation	68.20	68.20	75.92	85.03	85.03	85.03		92.68	101.02	107.08
Refuse removal	51.90	51.90	57.76	61.23	61.23	61.23		64.90	68.79	68.79
Other										
<b>sub-total</b>	<b>768.14</b>	<b>1,165.80</b>	<b>1,254.92</b>	<b>1,348.16</b>	<b>1,348.16</b>	<b>1,348.16</b>	<b>1.5%</b>	<b>1,367.94</b>	<b>1,459.90</b>	<b>1,549.61</b>
VAT on Services										
<b>Total small household bill:</b>	<b>768.14</b>	<b>1,165.80</b>	<b>1,254.92</b>	<b>1,348.16</b>	<b>1,348.16</b>	<b>1,348.16</b>	<b>1.5%</b>	<b>1,367.94</b>	<b>1,459.90</b>	<b>1,549.61</b>
<b>% increase/-decrease</b>		<b>51.8%</b>	<b>7.6%</b>	<b>7.4%</b>	<b>-</b>	<b>-</b>		<b>1.5%</b>	<b>6.7%</b>	<b>6.1%</b>
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>										
<b>Rates and services charges:</b>										
Property rates		251.75	259.30	274.41	274.41	274.41		245.25	259.97	275.56
Electricity : Basic levy			55.58	-	-	-		64.22	68.72	73.53
Electricity : Consumption	189.24	201.00	287.11	243.96	243.96	243.96		331.48	354.68	379.51
Water: Basic levy	51.14	52.67	55.30	59.72	59.72	59.72		63.61	68.70	72.82
Water: Consumption	86.73	90.41	88.47	102.81	102.81	102.81		101.76	107.87	114.87
Sanitation	68.20	72.30	75.92	85.03	85.03	85.03		92.68	101.02	107.08
Refuse removal	51.90	55.01	57.76	61.23	61.23	61.23		64.90	68.79	68.79
Other										
<b>sub-total</b>	<b>447.21</b>	<b>723.14</b>	<b>879.44</b>	<b>827.16</b>	<b>827.16</b>	<b>827.16</b>	<b>16.5%</b>	<b>963.90</b>	<b>1,029.75</b>	<b>1,092.17</b>
VAT on Services										
<b>Total small household bill:</b>	<b>447.21</b>	<b>723.14</b>	<b>879.44</b>	<b>827.16</b>	<b>827.16</b>	<b>827.16</b>	<b>16.5%</b>	<b>963.90</b>	<b>1,029.75</b>	<b>1,092.17</b>
<b>% increase/-decrease</b>		<b>61.7%</b>	<b>21.6%</b>	<b>(5.9%)</b>	<b>-</b>	<b>-</b>		<b>16.5%</b>	<b>6.8%</b>	<b>6.1%</b>

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/2015 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of Operating Expenditure by Standard Classification Item

Expenditure by type	Current year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full year Forecast	Budget year 2014/2015	% Increase (Decrease)	Budget year +1 2015/2016	Budget year +2 2016/2017
<b>Employee Related Costs</b>	34,620,071.00	34,609,951.17	34,609,951.17	39,056,526.63	12.85%	42,876,176.56	46,729,679.39
<b>Remuneration of Councillors</b>	2,804,304.00	3,039,303.60	3,039,303.60	2,944,519.00	-3.12%	3,091,745.00	3,246,332.00
<b>Debt Impaired</b>	4,392,864.00	4,848,980.07	4,848,980.07	5,238,063.00	8.02%	5,565,373.00	5,914,619.00
<b>Depreciation &amp; Asset Impairment</b>	27,587,169.00	27,587,648.48	27,587,648.48	23,834,140.00	-13.61%	23,845,649.00	23,849,488.00
<b>Finance Charges</b>	364,322.00	342,000.00	342,000.00	296,000.00	-13.45%	246,000.00	226,000.00
<b>Bulk Purchases</b>	16,726,000.00	17,310,000.00	17,310,000.00	18,670,000.00	7.86%	20,138,800.00	21,725,104.00
<b>Other Materials</b>	-	-	-	-	-	-	-
<b>Contacted Services</b>	672,040.00	672,040.00	672,040.00	4,562,362.00	578.88%	4,772,104.00	3,817,410.00
<b>Transfers and Grants</b>	-	-	-	-	-	-	-
<b>Other Expenditure</b>	29,530,276.00	40,843,062.41	40,843,062.41	31,425,945.31	-23.06%	32,660,138.09	32,111,229.00
<b>Loss on Disposable PPE</b>	1,228.00	1,228.13	1,228.13	1,228.00	-0.01%	1,228.00	1,228.00
<b>Total Expenditure</b>	116,698,274.00	129,254,213.86	129,254,213.86	126,028,783.94	-2.50%	133,197,213.65	137,621,089.39

The budgeted allocation for employee related costs for the 2014/2015 financial year totals R39.057 million, which equals 30.99 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement which expires at the end of the current financial year, salary increases have been factored into this budget at a percentage increase of 6.74 per cent for the 2014/2015 financial year. An annual increase of 6 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of R4.447 million in the 2014/2015 financial year relating to critical and strategically important vacancies. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2014/2015 financial year this amount equates to R5.238 million and escalates to R5.565 million by 2015/16. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

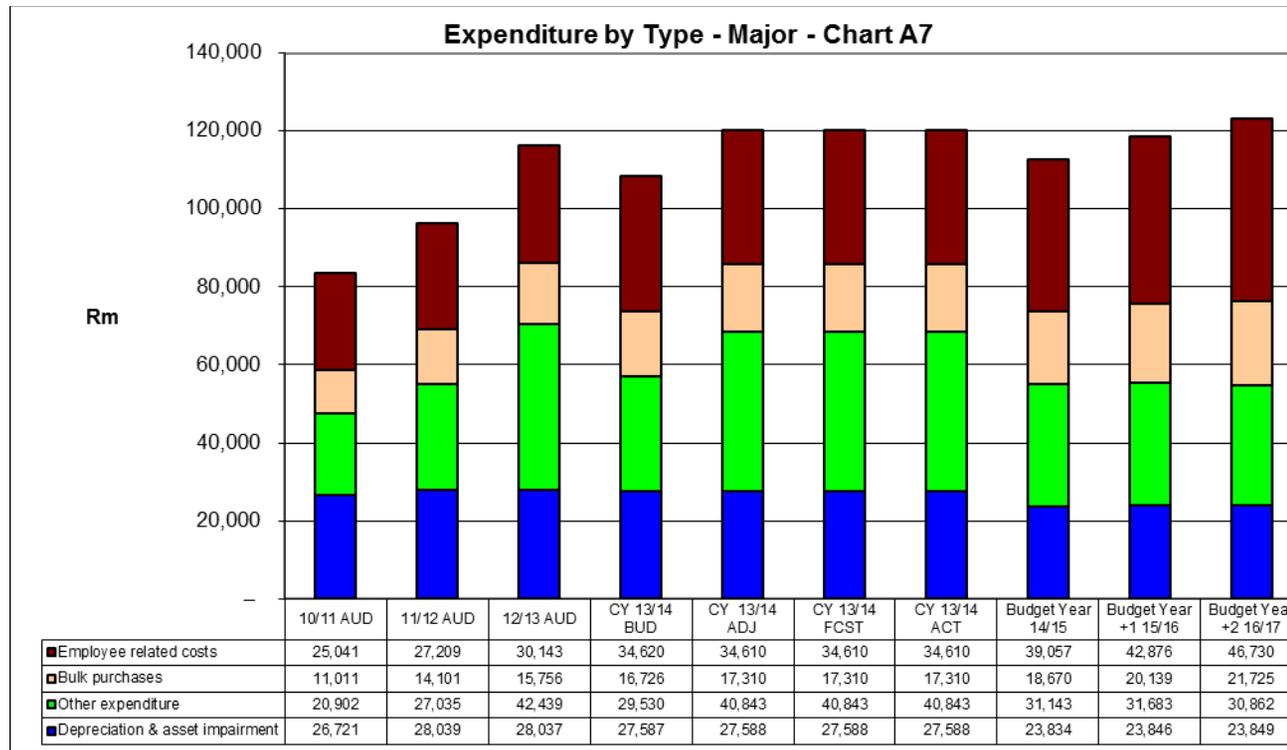
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.24 per cent (R.296 million) of operating expenditure excluding annual redemption for 2014/2015. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it decreases to 0.19 and 0.17 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWAF. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. In the 2014/2015 it has decreased by 23.06 per cent and increased and decreased by 3.93 and 1.68 per cent respectively in the outer years.

The following table gives a breakdown of the main expenditure categories for the 2014/2015 financial year.



**Figure 1 Main operational expenditure categories for the 2014/2015 financial year**

**1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality’s current infrastructure, the 2014/2015 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2014/2015 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 13.94 per cent in the 2014/2015 financial year, from R2.167 million to R2.469 million. This strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2014/2015 equates to R2.469 million a growth of 13.94 per cent in relation to the Adjustment Budget and continues to grow at 3.32 and remain constant there over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 1.96 per cent for the respective financial years of the MTREF. This is mainly due to bulk electricity purchases that continually exceed growth in other expenditure items.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 4 Repairs and maintenance per asset class**

NC072 Umsobomvu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>	<b>834</b>	<b>1,472</b>	<b>1,181</b>	<b>1,199</b>	<b>1,141</b>	<b>1,141</b>	<b>1,034</b>	<b>1,074</b>	<b>1,074</b>
<b>Infrastructure</b>	<b>194</b>	<b>524</b>	<b>230</b>	<b>230</b>	<b>10</b>	<b>10</b>	<b>26</b>	<b>26</b>	<b>26</b>
Infrastructure - Road transport	194	524	230	230	10	10	26	26	26
Roads, Pavements & Bridges	194	524	230	230	10	10	26	26	26
Storm water	—	—	—	—	—	—	—	—	—
Infrastructure - Electricity	390	522	601	601	541	541	621	641	641
Generation	—	—	—	—	—	—	—	—	—
Transmission & Reticulation	359	443	421	421	361	361	421	421	421
Street Lighting	31	79	180	180	180	180	200	220	220
Infrastructure - Water	250	425	300	318	500	500	337	357	357
Dams & Reservoirs	—	—	—	—	—	—	—	—	—
Water purification	—	—	—	—	—	—	—	—	—
Reticulation	250	425	300	318	500	500	337	357	357
Infrastructure - Sanitation	—	—	50	50	90	90	50	50	50
Reticulation	—	—	—	—	—	—	—	—	—
Sewerage purification	—	—	50	50	90	90	50	50	50
Infrastructure - Other	—	—	—	—	—	—	—	—	—
Waste Management	—	—	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	—	—	—
Gas	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
<b>Community</b>	<b>6</b>	<b>3</b>	<b>25</b>	<b>25</b>	<b>95</b>	<b>95</b>	<b>199</b>	<b>199</b>	<b>199</b>
Parks & gardens	2	3	5	5	15	15	5	5	5
Sportsfields & stadia	—	—	—	—	—	—	—	—	—
Swimming pools	—	—	—	—	—	—	—	—	—
Community halls	—	—	—	—	—	—	—	—	—
Libraries	—	—	—	—	—	—	—	—	—
Recreational facilities	—	—	—	—	—	—	—	—	—
Fire, safety & emergency	4	—	20	20	80	80	194	194	194
Security and policing	—	—	—	—	—	—	—	—	—
Buses	—	—	—	—	—	—	—	—	—
Clinics	—	—	—	—	—	—	—	—	—
Museums & Art Galleries	—	—	—	—	—	—	—	—	—
Cemeteries	—	—	—	—	—	—	—	—	—
Social rental housing	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
<b>Heritage assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Buildings	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
<b>Investment properties</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Housing development	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
<b>Other assets</b>	<b>1,555</b>	<b>933</b>	<b>902</b>	<b>998</b>	<b>931</b>	<b>931</b>	<b>1,236</b>	<b>1,278</b>	<b>1,278</b>
General vehicles	696	541	583	583	641	641	817	854	854
Specialised vehicles	—	—	—	—	—	—	—	—	—
Plant & equipment	450	158	129	200	242	242	353	358	358
Computers - hardware/equipment	—	—	—	—	—	—	—	—	—
Furniture and other office equipment	33	14	45	45	45	45	59	60	60
Abattoirs	—	—	—	—	—	—	—	—	—
Markets	—	—	—	—	—	—	—	—	—
Civic Land and Buildings	—	—	—	—	—	—	—	—	—
Other Buildings	370	206	139	164	—	—	—	—	—
Other Land	6	14	8	8	3	3	8	8	8
Surplus Assets - (Investment or Inventory)	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
<b>Agricultural assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
List sub-class	—	—	—	—	—	—	—	—	—
<b>Biological assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
List sub-class	—	—	—	—	—	—	—	—	—
<b>Intangibles</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Computers - software & programming	—	—	—	—	—	—	—	—	—
Other (list sub-class)	—	—	—	—	—	—	—	—	—
<b>Total Repairs and Maintenance Expenditure</b>	<b>2,395</b>	<b>2,408</b>	<b>2,108</b>	<b>2,222</b>	<b>2,167</b>	<b>2,167</b>	<b>2,469</b>	<b>2,551</b>	<b>2,551</b>
<b>Specialised vehicles</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Refuse	—	—	—	—	—	—	—	—	—
Fire	—	—	—	—	—	—	—	—	—
Conservancy	—	—	—	—	—	—	—	—	—
Ambulances	—	—	—	—	—	—	—	—	—
<b>R&amp;M as a % of PPE</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>2.5%</b>	<b>2.3%</b>	<b>1.6%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>1.9%</b>

For the 2014/2015 financial year, 41.88 per cent or R1.034 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 60.06 per cent (R.621million), followed by water infrastructure at 32.59 per cent (R.337 million), sanitation at 4.83 per cent (R.050 million) and roads at 2.52 per cent (R.026 million). Community assets have been allocated R.199 million of total repairs and maintenance.

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

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3782 or more indigent households during the 2014/2015 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 16 MBRR A10 (Basic Service Delivery Measurement) on page 54.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## **1.6 Capital expenditure**

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

Table 5 2011/12 Medium-term capital budget per vote

## NC072 Umsobomvu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - EXECUTIVE & COUNCIL	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCE & ADMIN	–	–	–	–	–	–	–	–	–
Vote 3 - COMMUNITY SERVICES	–	–	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES	–	30,050	–	63,367	28,750	28,750	31,500	35,000	–
<b>Capital multi-year expenditure sub-total</b>	–	<b>30,050</b>	–	<b>63,367</b>	<b>28,750</b>	<b>28,750</b>	<b>31,500</b>	<b>35,000</b>	–
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - EXECUTIVE & COUNCIL	–	476	23	–	–	–	–	–	–
Vote 2 - FINANCE & ADMIN	–	482	83	1,550	–	–	1,550	–	–
Vote 3 - COMMUNITY SERVICES	23	218	1,712	–	153	153	–	–	–
Vote 4 - TECHNICAL SERVICES	27,316	13,733	42,630	6,100	27,889	27,889	7,500	10,000	32,000
<b>Capital single-year expenditure sub-total</b>	<b>27,339</b>	<b>14,910</b>	<b>44,448</b>	<b>7,650</b>	<b>28,042</b>	<b>28,042</b>	<b>9,050</b>	<b>10,000</b>	<b>32,000</b>
<b>Total Capital Expenditure - Vote</b>	<b>27,339</b>	<b>44,960</b>	<b>44,448</b>	<b>71,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>4</b>	<b>685</b>	<b>106</b>	<b>1,550</b>	–	–	<b>1,550</b>	–	–
Executive and council	–	477	23	–	–	–	–	–	–
Budget and treasury office	4	198	31	1,550	–	–	1,550	–	–
Corporate services	–	10	52	–	–	–	–	–	–
<b>Community and public safety</b>	<b>23</b>	<b>365</b>	–	–	<b>153</b>	<b>153</b>	–	–	–
Community and social services	–	365	–	–	153	153	–	–	–
Sport and recreation	–	–	–	–	–	–	–	–	–
Public safety	23	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>	–	<b>55</b>	<b>393</b>	<b>4,500</b>	<b>8,729</b>	<b>8,729</b>	<b>6,000</b>	<b>5,000</b>	–
Planning and development	–	–	–	–	–	–	–	–	–
Road transport	–	55	393	4,500	8,729	8,729	6,000	5,000	–
Environmental protection	–	–	–	–	–	–	–	–	–
<b>Trading services</b>	<b>27,313</b>	<b>43,855</b>	<b>43,949</b>	<b>64,967</b>	<b>47,911</b>	<b>47,911</b>	<b>33,000</b>	<b>40,000</b>	<b>32,000</b>
Electricity	1,836	2,398	3,125	7,100	3,353	3,353	1,500	5,000	3,000
Water	63	27,806	28,870	57,867	43,058	43,058	31,500	35,000	29,000
Waste water management	25,414	13,433	10,242	–	1,500	1,500	–	–	–
Waste management	–	218	1,712	–	–	–	–	–	–
<b>Other</b>	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Standard</b>	<b>27,339</b>	<b>44,960</b>	<b>44,448</b>	<b>71,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>
<b>Funded by:</b>									
National Government	27,313	365	37,309	54,973	47,725	47,725	39,000	45,000	32,000
Provincial Government	–	–	49	3,500	–	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	43,637	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	<b>27,313</b>	<b>44,002</b>	<b>37,358</b>	<b>58,473</b>	<b>47,725</b>	<b>47,725</b>	<b>39,000</b>	<b>45,000</b>	<b>32,000</b>
<b>Public contributions &amp; donations</b>	–	–	3,125	–	5,100	5,100	–	–	–
<b>Borrowing</b>	–	–	3,847	–	629	629	–	–	–
<b>Internally generated funds</b>	<b>26</b>	<b>958</b>	<b>118</b>	<b>12,544</b>	<b>3,339</b>	<b>3,339</b>	<b>1,550</b>	–	–
<b>Total Capital Funding</b>	<b>27,339</b>	<b>44,960</b>	<b>44,448</b>	<b>71,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>

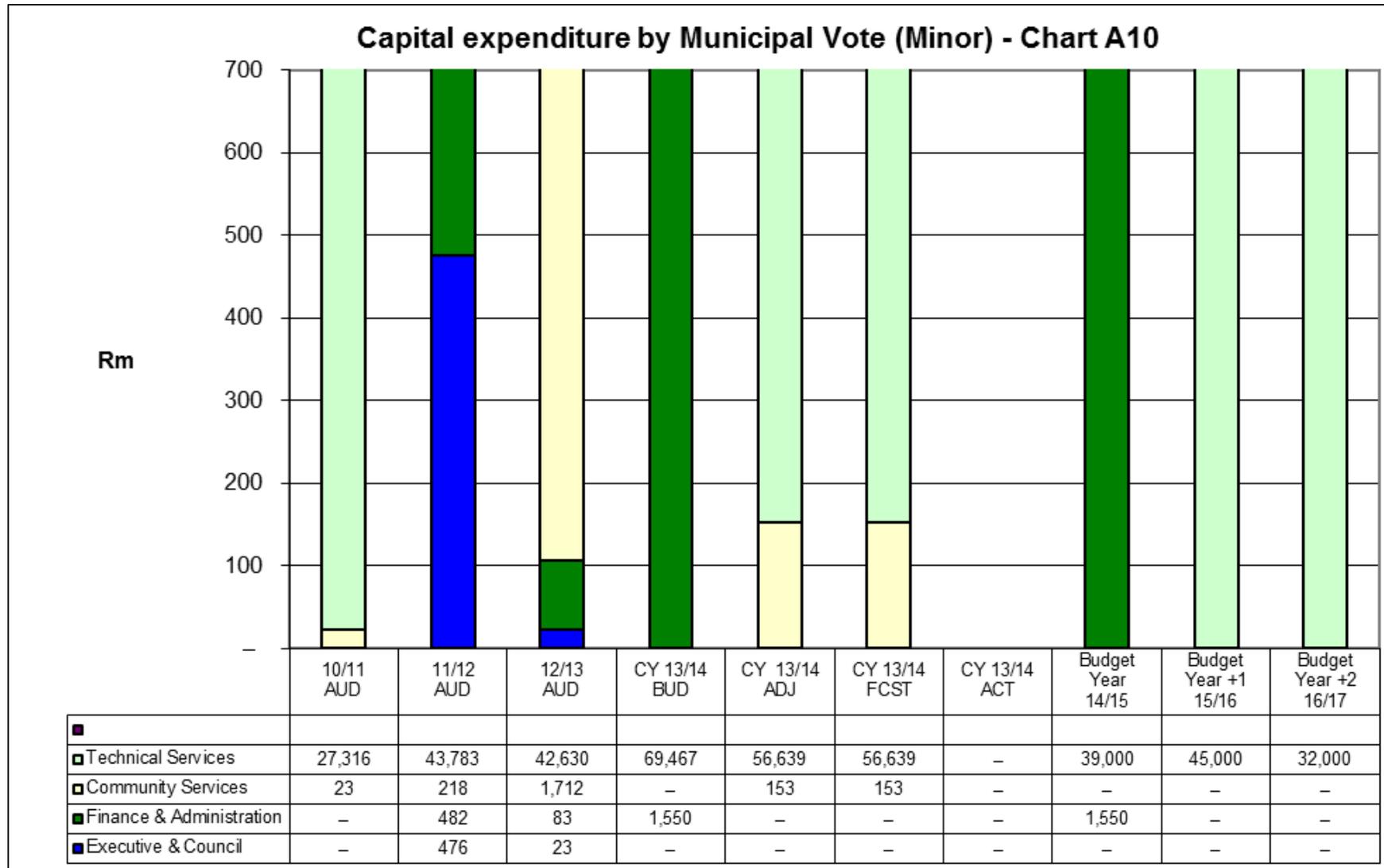
For 2014/2015 an amount of R 40.550 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget. In the outer years this amount totals R45 million, 100 per cent and R32 million, 100 per cent respectively for each of the financial years. Water services receives the highest allocation of R 31.500 million in 2014/2015 which equates to 77.68 per cent followed by roads infrastructure at 14.8 per cent, R6 million.

Total new assets represent 100 per cent or R 40.550 million of the total capital budgets. Further detail relating to asset classes and proposed capital expenditure is contained in Table 15 MBRR A9 (Asset Management) on page 50. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity for all (backlog eradication) – R1.5 million;
- Bulk supply and backlog eradication of water – R8. million;
- Backlog eradication of roads – R6 million;

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



**Figure 2 Capital Infrastructure Programme**

### **1.6.1 Future operational cost of new infrastructure**

The future operational costs and revenues associated with the capital programme have been included in the MTREF expenditure. This concomitant operational expenditure is expected to escalate to R2 million by 2016/17. It needs to be noted that as part of the 2014/15 MTREF, this expenditure has been factored into the two outer years of the operational budget.

## **1.7 Annual Budget Tables**

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/2015 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

### **Table 6 MBRR Table A1 - Budget Summary**

<b>NC072 Umsobomvu - Table A1 Budget Summary</b>									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	4,371	4,431	4,900	4,605	4,905	4,905	5,199	5,511	5,842
Service charges	30,078	35,053	40,963	42,242	47,295	47,295	50,828	54,156	57,924
Investment revenue	56	419	914	22	512	512	312	312	312
Transfers recognised - operational	26,450	28,857	45,252	35,117	39,930	39,930	36,664	40,074	41,374
Other own revenue	7,493	14,558	14,159	6,395	8,165	8,165	8,297	8,528	6,999
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>68,447</b>	<b>83,318</b>	<b>106,189</b>	<b>88,380</b>	<b>100,806</b>	<b>100,806</b>	<b>101,301</b>	<b>108,581</b>	<b>112,451</b>
Employee costs	25,041	27,209	30,143	34,620	34,610	34,610	39,057	42,876	46,730
Remuneration of councillors	2,218	2,413	2,488	2,804	3,039	3,039	2,945	3,092	3,246
Depreciation & asset impairment	26,721	28,039	28,037	27,587	27,588	27,588	23,834	23,846	23,849
Finance charges	203	127	127	364	342	342	296	246	226
Materials and bulk purchases	11,011	14,101	15,756	16,726	17,310	17,310	18,670	20,139	21,725
Transfers and grants	—	—	—	—	—	—	—	—	—
Other expenditure	31,315	33,053	51,909	34,596	46,365	46,365	41,228	42,999	41,844
<b>Total Expenditure</b>	<b>96,508</b>	<b>104,942</b>	<b>128,458</b>	<b>116,698</b>	<b>129,254</b>	<b>129,254</b>	<b>126,029</b>	<b>133,197</b>	<b>137,621</b>
<b>Surplus/(Deficit)</b>	<b>(28,061)</b>	<b>(21,624)</b>	<b>(22,270)</b>	<b>(28,319)</b>	<b>(28,448)</b>	<b>(28,448)</b>	<b>(24,728)</b>	<b>(24,616)</b>	<b>(25,170)</b>
Transfers recognised - capital	30,985	46,378	40,621	59,150	64,585	64,585	43,091	45,753	34,343
Contributions recognised - capital & contributed a	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>2,924</b>	<b>24,754</b>	<b>18,352</b>	<b>30,831</b>	<b>36,137</b>	<b>36,137</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>2,924</b>	<b>24,754</b>	<b>18,352</b>	<b>30,831</b>	<b>36,137</b>	<b>36,137</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>27,339</b>	<b>44,960</b>	<b>44,448</b>	<b>71,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>
Transfers recognised - capital	27,313	44,002	37,358	58,473	47,725	47,725	39,000	45,000	32,000
Public contributions & donations	—	—	3,125	—	5,100	5,100	—	—	—
Borrowing	—	—	3,847	—	629	629	—	—	—
Internally generated funds	26	958	118	12,544	3,339	3,339	1,550	—	—
<b>Total sources of capital funds</b>	<b>27,339</b>	<b>44,960</b>	<b>44,448</b>	<b>71,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>
<b>Financial position</b>									
Total current assets	21,177	56,668	68,898	36,291	36,291	36,291	68,499	54,737	44,392
Total non current assets	448,312	466,013	482,742	549,826	549,826	549,826	602,823	597,522	605,672
Total current liabilities	35,135	43,696	43,985	728	728	728	800	800	800
Total non current liabilities	546	20,424	31,252	3,646	3,646	3,646	36,893	22,453	16,477
Community wealth/Equity	433,808	458,561	476,403	581,743	581,743	581,743	633,628	629,006	632,787
<b>Cash flows</b>									
Net cash from (used) operating	27,193	76,774	42,846	62,811	75,956	75,956	52,182	59,280	8,932
Net cash from (used) investing	(27,333)	(44,954)	(44,448)	(71,017)	(61,793)	(61,793)	(47,898)	(45,000)	(32,000)
Net cash from (used) financing	(291)	(1,331)	4,018	(452)	(452)	(452)	(728)	(800)	(872)
<b>Cash/cash equivalents at the year end</b>	<b>1,506</b>	<b>31,995</b>	<b>34,410</b>	<b>16,550</b>	<b>39,308</b>	<b>39,308</b>	<b>19,168</b>	<b>32,648</b>	<b>8,707</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	1,506	31,995	34,410	12,000	12,000	12,000	39,524	26,040	16,300
Application of cash and investments	(661)	5,984	17,149	(23,685)	(20,890)	(20,890)	(26,793)	(27,962)	(27,304)
<b>Balance - surplus (shortfall)</b>	<b>2,168</b>	<b>26,011</b>	<b>17,261</b>	<b>35,685</b>	<b>32,890</b>	<b>32,890</b>	<b>66,317</b>	<b>54,002</b>	<b>43,604</b>
<b>Asset management</b>									
Asset register summary (WDV)	27,989	156,870	46,254	549,826	549,826	549,826	602,823	598,522	606,672
Depreciation & asset impairment	26,721	28,039	28,037	27,587	27,588	27,588	23,834	23,846	23,849
Renewal of Existing Assets	—	—	5,000	8,000	—	—	—	—	—
Repairs and Maintenance	2,395	2,408	2,108	2,226	2,167	2,167	2,275	2,357	2,385
<b>Free services</b>									
Cost of Free Basic Services provided	648	710	7,783	8,329	8,329	8,329	8,967	9,537	10,107
Revenue cost of free services provided	1,298	1,365	810	859	859	859	910	965	965
<b>Households below minimum service level</b>									
Water:	—	—	—	—	—	—	—	—	—
Sanitation/sew erage:	1	1	0	0	0	0	0	0	0
Energy:	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—

### **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2014/15 the water backlog will have been eliminated.

**Table 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

<b>NC072 Umsobomvu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)</b>									
<b>Standard Classification Description</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>Current Year 2013/14</b>			<b>2014/15 Medium Term Revenue &amp; Expenditure Framework</b>		
	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Full Year Forecast</b>	<b>Budget Year 2014/15</b>	<b>Budget Year +1 2015/16</b>	<b>Budget Year +2 2016/17</b>
<b>R thousand</b>									
<b>Revenue - Standard</b>									
<i><b>Governance and administration</b></i>	<b>37,884</b>	<b>34,554</b>	<b>40,294</b>	<b>42,277</b>	<b>42,759</b>	<b>42,759</b>	<b>44,747</b>	<b>47,767</b>	<b>49,510</b>
Executive and council	23,637	26,095	29,319	30,684	30,684	30,684	32,382	34,906	35,718
Budget and treasury office	6,127	7,726	10,458	11,266	12,057	12,057	12,345	12,840	13,770
Corporate services	8,120	733	517	327	18	18	19	20	21
<i><b>Community and public safety</b></i>	<b>2,176</b>	<b>9,433</b>	<b>2,624</b>	<b>1,205</b>	<b>6,882</b>	<b>6,882</b>	<b>3,697</b>	<b>4,530</b>	<b>4,949</b>
Community and social services	386	548	741	737	4,708	4,708	1,414	2,133	2,432
Sport and recreation	105	-	5	-	-	-	-	-	-
Public safety	1,685	5,804	1,878	468	2,174	2,174	2,283	2,397	2,517
Housing	-	3,081	1	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	<b>24</b>	<b>37</b>	<b>742</b>	<b>3,561</b>	<b>6,160</b>	<b>6,160</b>	<b>1,060</b>	<b>60</b>	<b>60</b>
Planning and development	-	37	(0)	1	-	-	-	-	-
Road transport	24	-	743	3,560	6,160	6,160	1,060	60	60
Environmental protection	-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>	<b>59,348</b>	<b>85,672</b>	<b>103,150</b>	<b>100,487</b>	<b>109,590</b>	<b>109,590</b>	<b>94,888</b>	<b>101,977</b>	<b>92,275</b>
Electricity	17,620	19,933	36,776	29,286	33,840	33,840	29,831	35,315	35,659
Water	32,550	38,559	45,269	58,812	62,922	62,922	51,499	52,291	41,383
Waste water management	5,062	22,517	15,933	7,029	7,166	7,166	7,662	8,122	8,609
Waste management	4,116	4,663	5,173	5,359	5,662	5,662	5,896	6,250	6,625
<i><b>Other</b></i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Standard</b>	<b>99,432</b>	<b>129,696</b>	<b>146,810</b>	<b>147,530</b>	<b>165,391</b>	<b>165,391</b>	<b>144,391</b>	<b>154,335</b>	<b>146,794</b>
<b>Expenditure - Standard</b>									
<i><b>Governance and administration</b></i>	<b>28,962</b>	<b>33,969</b>	<b>32,197</b>	<b>40,201</b>	<b>41,766</b>	<b>41,766</b>	<b>44,488</b>	<b>46,704</b>	<b>46,299</b>
Executive and council	12,933	14,124	17,212	18,724	20,619	20,619	19,628	20,761	21,967
Budget and treasury office	12,083	15,827	10,848	14,842	15,871	15,871	19,315	19,923	17,793
Corporate services	3,946	4,019	4,138	6,636	5,275	5,275	5,544	6,020	6,539
<i><b>Community and public safety</b></i>	<b>5,446</b>	<b>14,000</b>	<b>6,496</b>	<b>9,777</b>	<b>11,527</b>	<b>11,527</b>	<b>8,864</b>	<b>10,203</b>	<b>11,177</b>
Community and social services	1,404	6,549	2,229	6,441	7,653	7,653	4,543	5,549	6,160
Sport and recreation	576	-	1,240	1,204	1,219	1,219	1,338	1,461	1,596
Public safety	1,462	5,374	2,572	1,695	2,186	2,186	2,511	2,693	2,893
Housing	2,004	2,077	455	438	469	469	473	500	528
Health	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	<b>5,921</b>	<b>11,294</b>	<b>16,119</b>	<b>10,424</b>	<b>10,644</b>	<b>10,644</b>	<b>11,111</b>	<b>11,337</b>	<b>11,876</b>
Planning and development	-	11,294	47	326	-	-	-	-	-
Road transport	5,921	-	16,072	10,098	10,644	10,644	11,111	11,337	11,876
Environmental protection	-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>	<b>56,179</b>	<b>45,679</b>	<b>73,646</b>	<b>56,296</b>	<b>65,318</b>	<b>65,318</b>	<b>61,566</b>	<b>64,953</b>	<b>68,269</b>
Electricity	18,337	18,043	32,562	22,161	27,935	27,935	24,705	26,411	28,232
Water	7,020	19,564	22,844	19,801	23,483	23,483	21,289	21,871	22,497
Waste water management	26,938	4,460	6,386	8,594	7,954	7,954	9,236	9,989	10,497
Waste management	3,884	3,611	11,854	5,740	5,947	5,947	6,336	6,682	7,044
<i><b>Other</b></i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>96,508</b>	<b>104,942</b>	<b>128,458</b>	<b>116,698</b>	<b>129,254</b>	<b>129,254</b>	<b>126,029</b>	<b>133,197</b>	<b>137,621</b>
<b>Surplus/(Deficit) for the year</b>	<b>2,924</b>	<b>24,754</b>	<b>18,352</b>	<b>30,831</b>	<b>36,137</b>	<b>36,137</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>

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

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

**Table 8 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

<b>NC072 Umsobomvu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)</b>									
Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue by Vote</b>									
Vote 1 - EXECUTIVE & COUNCIL	23,637	26,095	29,319	30,684	30,684	30,684	32,382	34,906	35,718
Vote 2 - FINANCE & ADMIN	14,632	8,459	10,975	11,593	12,451	12,451	12,763	13,283	14,240
Vote 3 - COMMUNITY SERVICES	5,907	14,095	7,796	6,564	12,168	12,168	9,194	10,357	11,126
Vote 4 - TECHNICAL SERVICES	55,255	81,046	98,720	98,688	110,088	110,088	90,052	95,788	85,711
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>99,432</b>	<b>129,696</b>	<b>146,810</b>	<b>147,530</b>	<b>165,391</b>	<b>165,391</b>	<b>144,391</b>	<b>154,335</b>	<b>146,794</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - EXECUTIVE & COUNCIL	12,933	14,124	17,212	18,724	20,619	20,619	19,628	20,761	21,967
Vote 2 - FINANCE & ADMIN	16,029	19,442	14,986	21,477	22,691	22,691	26,487	27,699	26,229
Vote 3 - COMMUNITY SERVICES	9,330	17,943	18,397	15,843	15,929	15,929	13,573	15,129	16,324
Vote 4 - TECHNICAL SERVICES	58,216	53,433	77,864	60,654	70,015	70,015	66,341	69,608	73,101
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>96,508</b>	<b>104,942</b>	<b>128,458</b>	<b>116,698</b>	<b>129,254</b>	<b>129,254</b>	<b>126,029</b>	<b>133,197</b>	<b>137,621</b>
<b>Surplus/(Deficit) for the year</b>	<b>2,924</b>	<b>24,754</b>	<b>18,352</b>	<b>30,831</b>	<b>36,137</b>	<b>36,137</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 9 Surplus/(Deficit) calculations for the trading services**

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
ELECTRICITY -Revenue	12 942	17 620	19 933	20 466	25 080	25 080	29 286	30 421	31 295
ELECTRICITY - Expenditure	41 378	18 337	18 043	18 874	21 004	21 004	22 161	23 637	25 226
	(28 437)	(717)	1 890	1 592	4 076	4 076	7 125	6 785	6 069
% Surplus(Deficit)	-219.73	-4.07	9.48	7.78	16.25	16.25	24.33	22.30	19.39
WATER - Revenue	7 344	32 550	38 559	9 259	9 665	9 665	58 812	51 865	52 821
4.5 - WATER Expenditure	35 870	7 020	19 564	7 499	19 144	19 144	19 301	19 712	20 151
4.6 - WATER TREATMENT WORKS		-	-	-	-	-	500	530	562
	(28 526)	25 530	18 994	1 760	(9 479)	(9 479)	39 011	31 623	32 108
% Surplus(Deficit)	-388.42	78.43	49.26	19.01	-98.08	-98.08	66.33	60.97	60.79

2. Although there is a 10% increase from the 2013/2014 adjustment due to more efficient billing the electricity trading surplus is deteriorating over the 2014/15 MTREF from 24.3 per cent or R7 million in 2013/14 to 19 per cent or R6 million by 2015/16. This is

primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.

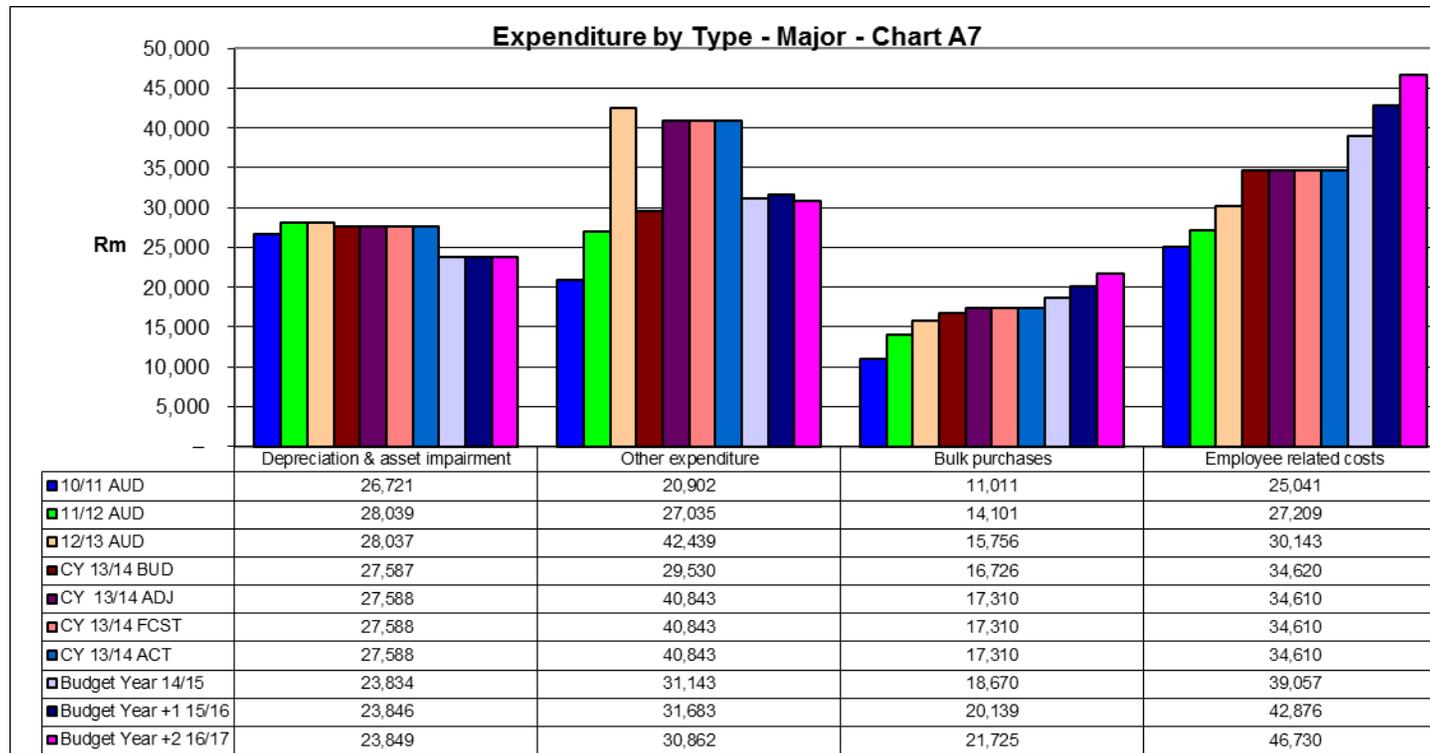
3. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 66 per cent, 60 per cent and 60 per cent for each of the respective financial years.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

**Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

<b>NC072 Umsobomvu - Table A4 Budgeted Financial Performance (revenue and expenditure)</b>									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Revenue By Source</b>									
Property rates	3,812	4,146	4,735	4,446	4,746	4,746	5,031	5,333	5,653
Property rates - penalties & collection charges	559	285	165	159	159	159	169	179	189
Service charges - electricity revenue	13,963	16,680	20,205	21,060	25,758	25,758	27,753	29,696	31,997
Service charges - water revenue	7,351	8,117	9,686	9,180	9,180	9,180	9,931	10,527	11,159
Service charges - sanitation revenue	4,835	5,506	6,143	6,804	6,935	6,935	7,418	7,863	8,335
Service charges - refuse revenue	3,929	4,478	4,934	5,198	5,422	5,422	5,726	6,069	6,434
Service charges - other	–	270	(4)	–	–	–	–	–	–
Rental of facilities and equipment	408	379	413	308	375	375	396	418	441
Interest earned - external investments	56	419	914	22	512	512	312	312	312
Interest earned - outstanding debtors	1,258	1,431	1,813	1,328	1,325	1,325	1,427	1,517	1,742
Dividends received	–	–	–	–	–	–	–	–	–
Fines	1,313	5,365	1,392	13	1,500	1,500	1,575	1,654	1,736
Licences and permits	373	435	473	373	593	593	710	746	783
Agency services	–	–	–	84	84	84	–	–	–
Transfers recognised - operational	26,450	28,857	45,252	35,117	39,930	39,930	36,664	40,074	41,374
Other revenue	4,140	6,948	10,067	4,289	4,289	4,289	4,190	4,194	2,297
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>68,447</b>	<b>83,318</b>	<b>106,189</b>	<b>88,380</b>	<b>100,806</b>	<b>100,806</b>	<b>101,301</b>	<b>108,581</b>	<b>112,451</b>
<b>Expenditure By Type</b>									
Employee related costs	25,041	27,209	30,143	34,620	34,610	34,610	39,057	42,876	46,730
Remuneration of councillors	2,218	2,413	2,488	2,804	3,039	3,039	2,945	3,092	3,246
Debt impairment	6,008	2,021	6,907	4,393	4,849	4,849	5,238	5,565	5,915
Depreciation & asset impairment	26,721	28,039	28,037	27,587	27,588	27,588	23,834	23,846	23,849
Finance charges	203	127	127	364	342	342	296	246	226
Bulk purchases	11,011	14,101	15,756	16,726	17,310	17,310	18,670	20,139	21,725
Other materials	–	–	–	–	–	–	–	–	–
Contracted services	4,405	3,590	2,485	672	672	672	4,562	4,772	3,817
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	20,902	27,035	42,439	29,530	40,843	40,843	31,426	32,660	32,111
Loss on disposal of PPE	–	407	78	1	1	1	1	1	1
<b>Total Expenditure</b>	<b>96,508</b>	<b>104,942</b>	<b>128,458</b>	<b>116,698</b>	<b>129,254</b>	<b>129,254</b>	<b>126,029</b>	<b>133,197</b>	<b>137,621</b>
<b>Surplus/(Deficit)</b>	<b>(28,061)</b>	<b>(21,624)</b>	<b>(22,270)</b>	<b>(28,319)</b>	<b>(28,448)</b>	<b>(28,448)</b>	<b>(24,728)</b>	<b>(24,616)</b>	<b>(25,170)</b>
Transfers recognised - capital	30,985	46,378	40,621	59,150	64,585	64,585	43,091	45,753	34,343
Contributions recognised - capital	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>2,924</b>	<b>24,754</b>	<b>18,352</b>	<b>30,831</b>	<b>36,137</b>	<b>36,137</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>
Taxation	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>	<b>2,924</b>	<b>24,754</b>	<b>18,352</b>	<b>30,831</b>	<b>36,137</b>	<b>36,137</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>
Attributable to minorities	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>2,924</b>	<b>24,754</b>	<b>18,352</b>	<b>30,831</b>	<b>36,137</b>	<b>36,137</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>2,924</b>	<b>24,754</b>	<b>18,352</b>	<b>30,831</b>	<b>36,137</b>	<b>36,137</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>

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

1. Total revenue is R101.301 million in 2014/15 and escalates to R108.581 million by 2015/16. This represents a year-on-year a slight increase of just than 0.49 per cent for the 2014/2015 financial year and 7.19 per cent increase for the 2015/16 financial year.
2. Revenue to be generated from property rates is R 5.031 million in the 2014/15 financial year and increases to R 5.333 million by 2015/16 which represents 6 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent and 6 per cent and 6 per cent for each of the respective outer years of the MTREF, while decreasing by 6 per cent for the 2014/2015.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 50.828 million for the 2014/2015 financial year and increasing to R54.156 million by 2015/16. For the 2014/15 financial year services charges amount to 50.31 per cent of the total revenue base and grows by 0.02 per cent over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 9.30 per cent and 3.24 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. The following graph illustrates the major expenditure items per type.



**Figure 3 Expenditure by major type**

6. Bulk purchases have significantly increased over the 2010/2011 to 2016/17 period escalating from R11.011 million to R21.725 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from DWAF.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

**NC072 Umsobomvu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - EXECUTIVE & COUNCIL	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY SERVICES	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES	-	30,050	-	63,367	28,750	28,750	31,500	35,000	-
<b>Capital multi-year expenditure sub-total</b>	-	<b>30,050</b>	-	<b>63,367</b>	<b>28,750</b>	<b>28,750</b>	<b>31,500</b>	<b>35,000</b>	-
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - EXECUTIVE & COUNCIL	-	476	23	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN	-	482	83	1,550	-	-	1,550	-	-
Vote 3 - COMMUNITY SERVICES	23	218	1,712	-	153	153	-	-	-
Vote 4 - TECHNICAL SERVICES	27,316	13,733	42,630	6,100	27,889	27,889	7,500	10,000	32,000
<b>Capital single-year expenditure sub-total</b>	<b>27,339</b>	<b>14,910</b>	<b>44,448</b>	<b>7,650</b>	<b>28,042</b>	<b>28,042</b>	<b>9,050</b>	<b>10,000</b>	<b>32,000</b>
<b>Total Capital Expenditure - Vote</b>	<b>27,339</b>	<b>44,960</b>	<b>44,448</b>	<b>71,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>4</b>	<b>685</b>	<b>106</b>	<b>1,550</b>	<b>-</b>	<b>-</b>	<b>1,550</b>	<b>-</b>	<b>-</b>
Executive and council		477	23	-	-	-	-	-	-
Budget and treasury office	4	198	31	1,550	-	-	1,550	-	-
Corporate services		10	52	-	-	-	-	-	-
<b>Community and public safety</b>	<b>23</b>	<b>365</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>153</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services		365	-	-	153	153	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-
Public safety	23	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>-</b>	<b>55</b>	<b>393</b>	<b>4,500</b>	<b>8,729</b>	<b>8,729</b>	<b>6,000</b>	<b>5,000</b>	<b>-</b>
Planning and development		-	-	-	-	-	-	-	-
Road transport		55	393	4,500	8,729	8,729	6,000	5,000	-
Environmental protection		-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>27,313</b>	<b>43,855</b>	<b>43,949</b>	<b>64,967</b>	<b>47,911</b>	<b>47,911</b>	<b>33,000</b>	<b>40,000</b>	<b>32,000</b>
Electricity	1,836	2,398	3,125	7,100	3,353	3,353	1,500	5,000	3,000
Water	63	27,806	28,870	57,867	43,058	43,058	31,500	35,000	29,000
Waste water management	25,414	13,433	10,242	-	1,500	1,500	-	-	-
Waste management		218	1,712	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>27,339</b>	<b>44,960</b>	<b>44,448</b>	<b>71,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>
<b>Funded by:</b>									
National Government	27,313	365	37,309	54,973	47,725	47,725	39,000	45,000	32,000
Provincial Government			49	3,500					
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants		43,637							
<b>Transfers recognised - capital</b>	<b>27,313</b>	<b>44,002</b>	<b>37,358</b>	<b>58,473</b>	<b>47,725</b>	<b>47,725</b>	<b>39,000</b>	<b>45,000</b>	<b>32,000</b>
<b>Public contributions &amp; donations</b>			3,125		5,100	5,100			
<b>Borrowing</b>			3,847		629	629			
<b>Internally generated funds</b>	26	958	118	12,544	3,339	3,339	1,550	-	-
<b>Total Capital Funding</b>	<b>27,339</b>	<b>44,960</b>	<b>44,448</b>	<b>71,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R9.050 million for the 2014/2015 financial year and remains relatively constant in the 2015/2016 financial year and increases to R 32 million in the 2016/2017 financial year.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers. For 2014/2015, capital transfers totals R40.550 million (100 per cent) and R45million by 2015/16 (100 per cent). These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 12 MBRR Table A6 - Budgeted Financial Position**

<b>NC072 Umsobomvu - Table A6 Budgeted Financial Position</b>									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	1,506	31,995	34,410				33,524	20,040	10,300
Call investment deposits				12,000	12,000	12,000	6,000	6,000	6,000
Consumer debtors	13,697	24,291	27,168	24,291	24,291	24,291	28,975	28,697	28,092
Other debtors	5,563		6,907						
Current portion of long-term receivables	4								
Inventory	408	382	413						
<b>Total current assets</b>	<b>21,177</b>	<b>56,668</b>	<b>68,898</b>	<b>36,291</b>	<b>36,291</b>	<b>36,291</b>	<b>68,499</b>	<b>54,737</b>	<b>44,392</b>
<b>Non current assets</b>									
Long-term receivables									
Investments									
Investment property	238	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655
Investment in Associate									
Property, plant and equipment	447,659	464,102	480,928	546,621	546,621	546,621	599,618	594,317	602,468
Agricultural									
Biological									
Intangible	415	256	159	1,550	1,550	1,550	1,550	1,550	1,550
Other non-current assets									
<b>Total non current assets</b>	<b>448,312</b>	<b>466,013</b>	<b>482,742</b>	<b>549,826</b>	<b>549,826</b>	<b>549,826</b>	<b>602,823</b>	<b>597,522</b>	<b>605,672</b>
<b>TOTAL ASSETS</b>	<b>469,489</b>	<b>522,681</b>	<b>551,640</b>	<b>586,117</b>	<b>586,117</b>	<b>586,117</b>	<b>671,322</b>	<b>652,259</b>	<b>650,064</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft									
Borrowing	1,331	252	864	728	728	728	800	800	800
Consumer deposits	556	606	674						
Trade and other payables	21,293	42,838	42,112						
Provisions	11,955		335						
<b>Total current liabilities</b>	<b>35,135</b>	<b>43,696</b>	<b>43,985</b>	<b>728</b>	<b>728</b>	<b>728</b>	<b>800</b>	<b>800</b>	<b>800</b>
<b>Non current liabilities</b>									
Borrowing	546	295	3,699	3,646	3,646	3,646	3,585	2,857	2,057
Provisions		20,129	27,553				33,308	19,596	14,420
<b>Total non current liabilities</b>	<b>546</b>	<b>20,424</b>	<b>31,252</b>	<b>3,646</b>	<b>3,646</b>	<b>3,646</b>	<b>36,893</b>	<b>22,453</b>	<b>16,477</b>
<b>TOTAL LIABILITIES</b>	<b>35,681</b>	<b>64,120</b>	<b>75,237</b>	<b>4,374</b>	<b>4,374</b>	<b>4,374</b>	<b>37,693</b>	<b>23,253</b>	<b>17,277</b>
<b>NET ASSETS</b>	<b>433,808</b>	<b>458,561</b>	<b>476,403</b>	<b>581,743</b>	<b>581,743</b>	<b>581,743</b>	<b>633,628</b>	<b>629,006</b>	<b>632,787</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	433,808	458,561	476,403	581,743	581,743	581,743	633,628	629,006	632,787
Reserves									
Minorities' interests									
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>433,808</b>	<b>458,561</b>	<b>476,403</b>	<b>581,743</b>	<b>581,743</b>	<b>581,743</b>	<b>633,628</b>	<b>629,006</b>	<b>632,787</b>

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

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 13 MBRR Table A7 - Budgeted Cash Flow Statement

NC072 Umsobomvu - Table A7 Budgeted Cash Flows									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	33,046	80,641	43,972	51,913	51,913	51,913	59,480	66,449	68,781
Government - operating	26,450	28,857	45,863	35,117	39,930	39,930	36,664	40,074	41,374
Government - capital	30,985	46,378	34,315	59,150	64,585	64,585	43,091	45,753	34,343
Interest	1,873	2,136	914	1,350	1,350	1,350	1,739	1,829	2,054
Dividends	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Suppliers and employees	(64,957)	(81,111)	(82,092)	(84,355)	(81,457)	(81,457)	(88,438)	(94,487)	(127,888)
Finance charges	(203)	(127)	(127)	(364)	(364)	(364)	(354)	(339)	(5,915)
Transfers and Grants	-	-	-	-	-	-	-	-	(3,817)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>27,193</b>	<b>76,774</b>	<b>42,846</b>	<b>62,811</b>	<b>75,956</b>	<b>75,956</b>	<b>52,182</b>	<b>59,280</b>	<b>8,932</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE		3			(0)	(0)	(0)	(0)	
Decrease (Increase) in non-current debtors	6	4			-	-			
Decrease (increase) other non-current receivables					-	-			
Decrease (increase) in non-current investments					-	-			
<b>Payments</b>									
Capital assets	(27,339)	(44,960)	(44,448)	(71,017)	(61,792)	(61,792)	(47,898)	(45,000)	(32,000)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(27,333)</b>	<b>(44,954)</b>	<b>(44,448)</b>	<b>(71,017)</b>	<b>(61,793)</b>	<b>(61,793)</b>	<b>(47,898)</b>	<b>(45,000)</b>	<b>(32,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-			-					
Borrowing long term/refinancing			4,385	-					
Increase (decrease) in consumer deposits	-	-		-					
<b>Payments</b>									
Repayment of borrowing	(291)	(1,331)	(367)	(452)	(452)	(452)	(728)	(800)	(872)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(291)</b>	<b>(1,331)</b>	<b>4,018</b>	<b>(452)</b>	<b>(452)</b>	<b>(452)</b>	<b>(728)</b>	<b>(800)</b>	<b>(872)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(431)</b>	<b>30,489</b>	<b>2,415</b>	<b>(8,658)</b>	<b>13,712</b>	<b>13,712</b>	<b>3,556</b>	<b>13,480</b>	<b>(23,941)</b>
Cash/cash equivalents at the year begin:	1,937	1,506	31,995	25,208	25,596	25,596	15,612	19,168	32,648
Cash/cash equivalents at the year end:	1,506	31,995	34,410	16,550	39,308	39,308	19,168	32,648	8,707

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality has been moving up and down over the 2010/11 to 2016/17 period as it can be noted from the decrease of R 23.941 million.
4. The approved 2014/2015 MTREF provide for a net increase in cash of R13.480 million for the 2015/16 financial year resulting in an overall projected positive cash position of R8.707 million at year end.
5. As part of the 2013/14 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition the Municipality undertook an extensive debt collection drive resulting in cash receipts on arrear debtors. These interventions translated into an expected net cash position of R13.712 million for the 2013/14 financial year and cash and cash equivalents totaled R39.308 million at year end.
7. The 2014/2015 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R19.168 million as at the end of the 2014/2015 financial year and declines to R8.707 million by 2016/17.

**Table 14 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

NC072 Umsobomvu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	1,506	31,995	34,410	16,550	39,308	39,308	19,168	32,648	8,707
Other current investments > 90 days	0	0	0	(4,550)	(27,308)	(27,308)	20,356	(6,608)	7,592
Non current assets - Investments	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>1,506</b>	<b>31,995</b>	<b>34,410</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>39,524</b>	<b>26,040</b>	<b>16,300</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	8,481	29,359	24,002	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(9,143)	(23,375)	(6,853)	(23,685)	(20,890)	(20,890)	(26,793)	(27,962)	(27,304)
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
<b>Total Application of cash and investments:</b>	<b>(661)</b>	<b>5,984</b>	<b>17,149</b>	<b>(23,685)</b>	<b>(20,890)</b>	<b>(20,890)</b>	<b>(26,793)</b>	<b>(27,962)</b>	<b>(27,304)</b>
<b>Surplus(shortfall)</b>	<b>2,168</b>	<b>26,011</b>	<b>17,261</b>	<b>35,685</b>	<b>32,890</b>	<b>32,890</b>	<b>66,317</b>	<b>54,002</b>	<b>43,604</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2010/11 to 2013/14 the surplus deteriorated from R19 million to R11 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2014/15 MTREF was funded owing to the significant remaining surplus.

7. As part of the budgeting and planning guidelines that informed the compilation of the 2013/2014 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively increase from R32.9 million to R46 million by 2016/17.

**Table 15 MBRR Table A9 - Asset Management**

**NC072 Umsobomvu - Table A9 Asset Management**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b><u>Total New Assets</u></b>	<b>27,339</b>	<b>44,960</b>	<b>44,448</b>	<b>63,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>
Infrastructure - Road transport	-	-	-	1,000	5,100	5,100	6,000	5,000	-
Infrastructure - Electricity	1,858	2,398	3,125	2,600	2,920	2,920	1,500	5,000	3,000
Infrastructure - Water	63	27,806	28,861	57,867	38,625	38,625	31,500	35,000	29,000
Infrastructure - Sanitation	25,414	13,433	8,448	-	1,500	1,500	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	27,335	43,637	40,434	61,467	48,145	48,145	39,000	45,000	32,000
Community	-	365	49	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	867	3,957	-	8,647	8,647	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	4	91	8	1,550	-	-	1,550	-	-
<b><u>Total Renewal of Existing Assets</u></b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>8,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Infrastructure - Road transport	-	-	-	3,500	-	-	-	-	-
Infrastructure - Electricity	-	-	5,000	4,500	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	5,000	8,000	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-

<b>Total Capital Expenditure</b>									
Infrastructure - Road transport	-	-	-	4,500	5,100	5,100	6,000	5,000	-
Infrastructure - Electricity	1,858	2,398	8,125	7,100	2,920	2,920	1,500	5,000	3,000
Infrastructure - Water	63	27,806	28,861	57,867	38,625	38,625	31,500	35,000	29,000
Infrastructure - Sanitation	25,414	13,433	8,448	-	1,500	1,500	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	27,335	43,637	45,434	69,467	48,145	48,145	39,000	45,000	32,000
Community	-	365	49	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	867	3,957	-	8,647	8,647	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	4	91	8	1,550	-	-	1,550	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>27,339</b>	<b>44,960</b>	<b>49,448</b>	<b>71,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport				142,077	142,077	142,077	142,077	148,077	153,077
Infrastructure - Electricity	1,858	63,568	3,125	48,960	48,960	48,960	55,710	57,210	62,210
Infrastructure - Water	63	71,462	28,861	272,535	272,535	272,535	313,683	345,183	380,183
Infrastructure - Sanitation	25,414	13,433	8,448	85,978	85,978	85,978	85,978	85,978	85,978
Infrastructure - Other				32,758	32,758	32,758	32,758	41,406	32,758
Infrastructure	27,335	148,463	40,434	582,308	582,308	582,308	630,206	677,854	714,206
Community	-	1,485	49	8,895	8,895	8,895	8,895	8,895	8,895
Heritage assets	-	-	-	(68,320)	(68,320)	(68,320)	(63,221)	(115,169)	(143,371)
Investment properties	238	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655
Other assets	-	5,010	3,957	23,738	23,738	23,738	23,738	23,738	23,738
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	415	256	159	1,550	1,550	1,550	1,550	1,550	1,550
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>27,989</b>	<b>156,870</b>	<b>46,254</b>	<b>549,826</b>	<b>549,826</b>	<b>549,826</b>	<b>602,823</b>	<b>598,522</b>	<b>606,672</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>	26,721	28,039	28,037	27,587	27,588	27,588	23,834	23,846	23,849
<b>Repairs and Maintenance by Asset Class</b>	2,395	2,408	2,108	2,222	2,167	2,167	2,469	2,551	2,551
Infrastructure - Road transport	194	524	230	230	10	10	26	26	26
Infrastructure - Electricity	390	522	601	601	541	541	621	641	641
Infrastructure - Water	250	425	300	318	500	500	337	357	357
Infrastructure - Sanitation	-	-	50	50	90	90	50	50	50
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	834	1,472	1,181	1,199	1,141	1,141	1,034	1,074	1,074
Community	6	3	25	25	95	95	199	199	199
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	1,555	933	902	998	931	931	1,236	1,278	1,278
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>29,116</b>	<b>30,447</b>	<b>30,145</b>	<b>29,809</b>	<b>29,755</b>	<b>29,755</b>	<b>26,303</b>	<b>26,397</b>	<b>26,401</b>
<b>Renewal of Existing Assets as % of total capex</b>	0.0%	0.0%	10.1%	11.3%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprechn"</b>	0.0%	0.0%	17.8%	29.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
<b>Renewal and R&amp;M as a % of PPE</b>	9.0%	2.0%	15.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations as the focus of resources is on new Basic service infrastructure and repair and maintenance amounts to ,48 per cent.

Table 16 MBRR Table A10 - Basic Service Delivery Measurement

NC072 Umsobomvu - Table A10 Basic service delivery measurement

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	2,826	2,976	4,399	4,799	4,799	4,799	5,049	5,299	5,299
Piped water inside yard (but not in dwelling)	2,554	2,804	3,104	3,104	3,104	3,104	3,404	3,404	3,404
Using public tap (at least min.service level)		227	270	270	270	270	270	270	270
Other water supply (at least min.service level)				-	-	-			
<i>Minimum Service Level and Above sub-total</i>	5,380	6,007	7,773	8,173	8,173	8,173	8,723	8,973	8,973
Using public tap (< min.service level)				-	-	-			
Other water supply (< min.service level)				-	-	-			
No water supply				-	-	-			
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>5,380</b>	<b>6,007</b>	<b>7,773</b>	<b>8,173</b>	<b>8,173</b>	<b>8,173</b>	<b>8,723</b>	<b>8,973</b>	<b>8,973</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	3,826	3,976	7,049	7,449	7,449	7,449	7,699	7,949	7,949
Flush toilet (with septic tank)	112	112	112	112	112	112	112	112	112
Chemical toilet				-	-	-			
Pit toilet (ventilated)	612	612	612	612	612	612	612	612	612
Other toilet provisions (> min.service level)				-	-	-			
<i>Minimum Service Level and Above sub-total</i>	4,550	4,700	7,773	8,173	8,173	8,173	8,423	8,673	8,673
Bucket toilet	1,169	1,169	43	43	43	43	43	46	46
Other toilet provisions (< min.service level)				-	-	-			
No toilet provisions				-	-	-			
<i>Below Minimum Service Level sub-total</i>	1,169	1,169	43	43	43	43	43	46	46
<b>Total number of households</b>	<b>5,719</b>	<b>5,869</b>	<b>7,816</b>	<b>8,216</b>	<b>8,216</b>	<b>8,216</b>	<b>8,466</b>	<b>8,719</b>	<b>8,719</b>
<b>Energy:</b>									
Electricity (at least min.service level)	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822
Electricity - prepaid (min.service level)	2,792	3,042	4,951	5,351	5,351	5,351	5,601	5,851	5,851
<i>Minimum Service Level and Above sub-total</i>	5,614	5,864	7,773	8,173	8,173	8,173	8,423	8,673	8,673
Electricity (< min.service level)				-	-	-			
Electricity - prepaid (< min. service level)				-	-	-			
Other energy sources				-	-	-			
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>5,614</b>	<b>5,864</b>	<b>7,773</b>	<b>8,173</b>	<b>8,173</b>	<b>8,173</b>	<b>8,423</b>	<b>8,673</b>	<b>8,673</b>
<b>Refuse:</b>									
Removed at least once a week	5,607	5,857	7,773	8,173	8,173	8,173	8,423	8,673	8,673
<i>Minimum Service Level and Above sub-total</i>	5,607	5,857	7,773	8,173	8,173	8,173	8,423	8,673	8,673
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>5,607</b>	<b>5,857</b>	<b>7,773</b>	<b>8,173</b>	<b>8,173</b>	<b>8,173</b>	<b>8,423</b>	<b>8,673</b>	<b>8,673</b>

<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	2,654	2,904	3,132	3,532	3,532	3,532	3,782	4,032	4,032
Sanitation (free minimum level service)	2,297	2,547	3,132	3,532	3,532	3,532	3,782	4,032	4,032
Electricity/other energy (50kwh per household per month)	2,654	2,904	3,132	3,532	3,532	3,532	3,782	4,032	4,032
Refuse (removed at least once a week)	2,654	2,904	3,132	3,532	3,532	3,532	3,782	4,032	4,032
<b>Cost of Free Basic Services provided (R'000)</b>				-					
Water (6 kilolitres per household per month)	175	189	2,078	636	636	636	674	714	755
Sanitation (free sanitation service)	192	202	2,137	3,603	3,603	3,603	3,928	4,163	4,399
Electricity/other energy (50kwh per household per month)	131	163	1,397	1,494	1,494	1,494	1,614	1,743	1,872
Refuse (removed once a week)	150	156	2,171	2,595	2,595	2,595	2,751	2,916	3,081
<b>Total cost of FBS provided (minimum social package)</b>	<b>648</b>	<b>710</b>	<b>7,783</b>	<b>8,329</b>	<b>8,329</b>	<b>8,329</b>	<b>8,967</b>	<b>9,537</b>	<b>10,107</b>
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	82,274	90,024	109,620	130,684	130,684	130,684	139,934	149,184	149,184
Water (kilolitres per household per month)	6	6	6	6	6	6	6		
Sanitation (kilolitres per household per month)	1	1	1		-	-			
Sanitation (Rand per household per month)	68	72	60	91	91	91	99	105	105
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	1	1	1	200	200	200	200	200	200
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	650	655	660	700	700	700	742	786	786
Property rates (other exemptions, reductions and rebates)					-	-			
Water	175	189	38	40	40	40	42	45	45
Sanitation	192	202	38	40	40	40	42	45	45
Electricity/other energy	131	163	38	40	40	40	42	45	45
Refuse	150	156	38	40	40	40	42	45	45
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
<b>Total revenue cost of free services provided (total social package)</b>	<b>1,298</b>	<b>1,365</b>	<b>810</b>	<b>859</b>	<b>859</b>	<b>859</b>	<b>910</b>	<b>965</b>	<b>965</b>

### **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
  - a. Water services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years time. These households are largely found in ‘reception areas’ and will need to be moved to formal areas so that they can receive services.
  - b. Sanitation services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years time.
  - c. Electricity services – backlog will be eradicated over the MTREF. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades.
  - d. Refuse services – backlog does not exist at this stage.
3. The budget provides for 3 532 households to be registered as indigent in 2014/2015, and therefore entitled to receiving Free Basic Services. The number is set to increase to 4032 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R.607 million per month or R 7.290 million in 2013/2014 increasing to R10.1million in 2016/17. This is covered by the municipality’s equitable share allocation from national government.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 27 August 2012. Key dates applicable to the process were:

- **August 2012** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/2014 MTREF;
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- **13 to 27 January 2014** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2014** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **31 March 2014** - Council considers the 2013/14 Mid-year Review and Adjustments Budget;
- **February 2014** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2014/15 MTREF is revised accordingly;
- **18 April 2014** - Tabling in Council of the draft 2014/2015 IDP and 2014/2015 MTREF for public consultation;
- **April 2014** – Public consultation;
- **6 May 2014** - Closing date for written comments;
- **6 to 21 May 2014** – finalisation of the 2014/2015 IDP and 2014/2015 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2014** - Tabling of the 2014/2015 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2011. It started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/2015 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/2015 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/2015 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### 2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/2015 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
  - Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
  - The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

### 2.1.4 Community Consultation

The draft 2014/2015 MTREF as tabled before Council on 31 March 2014 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

## 2.2 Overview of alignment of annual budget with IDP

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

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);

- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP’s five strategic objectives for the 2014/2015 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 17 IDP Strategic Objectives**

2012/13 Financial Year	2013/2014 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Umsobomvu principles through a caring, accessible and accountable service	4. Foster participatory democracy and Umsobomvu principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide Municipality planning services; and
  - Maintaining the infrastructure of the Municipality.
  
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
  
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to provide primary health care services;
  - Extending waste removal services and ensuring effective Municipality cleansing;
  - Ensuring all waste water treatment works are operating optimally;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
  
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
  
4. Foster participatory democracy and Umsobomvu principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing Umsobomvu in the revenue management strategy.
  
- 5.1 Promote sound governance through:
  - Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectorial plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2014/2015 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 18 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

NC072 Umsobomvu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)											
Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>											
<b>Basic Services</b>	<b>Provision &amp; maintenance of infrastructure &amp; basic</b>	<b>1</b>	<b>25,401</b>	<b>59,887</b>	<b>103,893</b>	<b>104,047</b>	<b>115,750</b>	<b>115,750</b>	<b>95,948</b>	<b>102,037</b>	<b>92,335</b>
	PUBLIC WORKS	1	25	53	743	3,560	6,160	6,160	1,060	60	60
	WORKSHOP	5		-	-	-					
	HOUSING SERVICES	5		1,620	1	-	-	-	-	-	-
	WATER TREATMENT	6		14,974		-					
	WATER	1	7,344	19,647	45,269	58,812	62,922	62,922	51,499	52,291	41,383
	SEWERAGE	1	4,821	5,062	15,933	7,029	7,166	7,166	7,662	8,122	8,609
	WASTE WATER	3		-		-					
	SOLID WASTE	3	3,960	4,116	5,173	5,359	5,662	5,662	5,896	6,250	6,625
	ELECTRICITY	4	9,250	14,408	36,776	29,286	33,840	33,840	29,831	35,315	35,659
	REFUSE DUPM	2		7	-	-					
		4									
<b>Municipal Institutional Development and</b>	<b>Social Services</b>		<b>5,659</b>	<b>9,835</b>	<b>7,911</b>	<b>6,119</b>	<b>11,787</b>	<b>11,787</b>	<b>8,896</b>	<b>10,041</b>	<b>10,790</b>
	PARKS & RECREATION	2		-	5	-					
	TRAFFIC SERVICES	13	1,931	2,077	1,878	468	2,174	2,174	2,283	2,397	2,517
	MUSEUM	12		6	3	2	3	3	2	2	2
	LIBRARIES	8		361	717	715	708	708	991	1,685	1,957
	CEMETERIES	9		26	21	21	3,621	3,621	22	23	25
	PROPERTY SERVICES	15		2,994	495	309	376	376	399	423	448
	ASSESSMENT RATES	8	3,729	4,371	4,793	4,605	4,905	4,905	5,199	5,511	5,842
		17									
<b>Local Economic Development</b>	<b>Tourism</b>		<b>-</b>	<b>-</b>	<b>(0)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>
	LED AND IDP	3		-	(0)	1	-	-	1	1	1
		7									
<b>Municipal Financial Viability and Management</b>	<b>To effectively manage the revenue and expenditure</b>		<b>19,549</b>	<b>6,061</b>	<b>5,665</b>	<b>6,662</b>	<b>7,152</b>	<b>7,152</b>	<b>7,146</b>	<b>7,329</b>	<b>7,928</b>
	FINANCE	17	19,549	6,061	5,665	6,662	7,152	7,152	7,146	7,329	7,928
<b>Good Governance and Public Participation</b>	<b>Council</b>		<b>22,676</b>	<b>23,655</b>	<b>29,341</b>	<b>30,702</b>	<b>30,702</b>	<b>30,702</b>	<b>32,401</b>	<b>34,928</b>	<b>35,739</b>
	MAYOR			-	-	-					
	COUNCIL EXPENSES	17	18,948	23,637	29,319	30,684	30,684	30,684	32,382	34,908	35,718
	MUNICIPAL MANAGER	17		-	-	-					
	CORPORATE SERVICE	17	3,729	18	22	18	18	18	19	20	21
		16									
<b>Allocations to other priorities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>73,285</b>	<b>99,439</b>	<b>146,810</b>	<b>147,530</b>	<b>165,391</b>	<b>165,391</b>	<b>144,391</b>	<b>154,337</b>	<b>146,794</b>

**Table 19 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

NC072 Umsobomvu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)											
Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>											
<b>Basic Services</b>	<b>Provision &amp; maintenance of infrastructure &amp; basic</b>	<b>1</b>	<b>63,889</b>	<b>59,121</b>	<b>90,173</b>	<b>66,832</b>	<b>76,430</b>	<b>76,430</b>	<b>73,150</b>	<b>76,790</b>	<b>80,674</b>
	PUBLIC WORKS	1	5,655	10,962	15,640	9,720	10,257	10,257	10,703	10,894	11,394
	WORKSHOP	5	266	404	432	378	386	386	408	443	482
	HOUSING SERVICES	5	2,004	2,077	455	438	469	469	473	500	528
	WATER TREATMENT	6	-	-	-	500	-	-	-	-	-
	WATER	1	6,949	19,564	22,844	19,301	23,483	23,483	21,289	21,871	22,497
	SEWERAGE	1	26,938	4,460	6,386	7,101	7,954	7,954	9,236	9,989	10,497
	WASTE WATER	3	-	-	-	1,493	-	-	-	-	-
	SOLID WASTE	3	3,795	3,598	11,854	5,740	5,947	5,947	6,336	6,682	7,044
	ELECTRICITY	4	18,194	18,043	32,562	22,161	27,935	27,935	24,705	26,411	28,232
	REFUSE DUMP	2	89	13	-	-	-	-	-	-	-
		4									
<b>Municipal Institutional Development and Transformation</b>	<b>Social Services</b>		<b>17,643</b>	<b>15,071</b>	<b>7,444</b>	<b>12,979</b>	<b>13,145</b>	<b>13,145</b>	<b>11,073</b>	<b>12,421</b>	<b>11,755</b>
	PARKS & RECREATION	2	(1,260)	1,153	1,240	1,204	1,219	1,219	1,338	1,461	1,596
	TRAFFIC SERVICES	13	1,462	5,374	2,572	1,695	2,186	2,186	2,511	2,693	2,893
	MUSEUM	12	399	569	643	673	678	678	723	784	851
	LIBRARIES	8	991	1,045	1,081	1,690	1,539	1,539	1,880	2,668	3,043
	CEMETERIES	9	14	3,781	506	4,078	3,892	3,892	298	325	354
	PROPERTY SERVICES	15	982	987	1,038	1,502	1,544	1,544	1,627	1,756	1,897
	ASSESSMENT RATES	8	15,055	2,161	364	2,137	2,087	2,087	2,697	2,733	1,122
		17									
Local Economic Development	Tourism		-	332	47	326	-	-	15	15	15
	LED AND IDP	3	-	332	47	326	-	-	15	15	15
		7									
<b>Municipal Financial Viability and Management</b>	<b>To effectively manage the revenue and expenditure</b>		<b>(1,932)</b>	<b>13,666</b>	<b>10,483</b>	<b>12,704</b>	<b>13,784</b>	<b>13,784</b>	<b>16,619</b>	<b>17,190</b>	<b>16,671</b>
	FINANCE	17	(1,932)	13,666	10,483	12,704	13,784	13,784	16,619	17,190	16,671
<b>Good Governance and Public Participation</b>	<b>Council</b>		<b>16,996</b>	<b>16,751</b>	<b>20,311</b>	<b>23,857</b>	<b>25,894</b>	<b>25,894</b>	<b>25,172</b>	<b>26,781</b>	<b>28,506</b>
	MAYOR		888	999	13,371	2,317	2,598	2,598	2,530	2,709	2,903
	COUNCIL EXPENSES	17	11,109	10,535	1,309	13,927	15,902	15,902	14,387	15,158	15,969
	MUNICIPAL MANAGER	17	2,669	2,590	2,532	2,480	2,119	2,119	2,711	2,894	3,095
	CORPORATE SERVICE	17	2,329	2,628	3,100	5,134	5,275	5,275	5,544	6,020	6,539
		16									
<b>Allocations to other priorities</b>			-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>			<b>96,596</b>	<b>104,942</b>	<b>128,458</b>	<b>116,698</b>	<b>129,254</b>	<b>129,254</b>	<b>126,029</b>	<b>133,197</b>	<b>137,621</b>

**Table 20 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

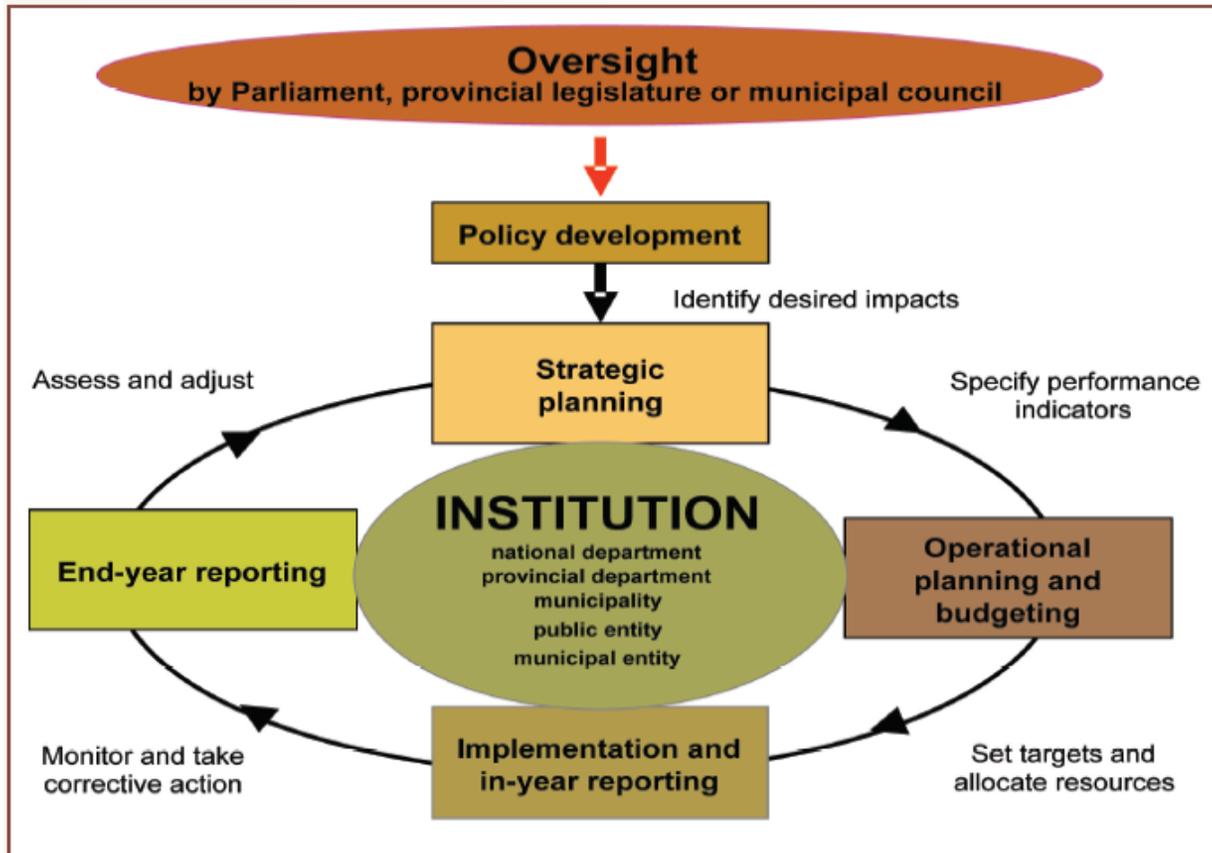
**NC072 Umsobomvu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)**

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>											
<b>Basic Services</b>	<b>Provision &amp; maintenance of infrastructure &amp; basic</b>	<b>1</b>	<b>27,496</b>	<b>44,002</b>	<b>42,630</b>	<b>69,467</b>	<b>56,639</b>	<b>-</b>	<b>39,000</b>	<b>45,000</b>	<b>32,000</b>
	PUBLIC WORKS	1	-	13,580	393	4,500	8,729		6,000	5,000	-
	WORKSHOP	5	-	-	-	-	-				
	HOUSING SERVICES	5	-	-	-	-	-				
	WATER TREATMENT	6	-	-	-	-	-				
	WATER	1	63	30,050	28,870	57,867	43,058		31,500	35,000	29,000
	SEWERAGE	1	-	-	10,242	-	-				
	WASTE WATER	3	-	-	-	-	1,500				
	SOLID WASTE	3	-	-	-	-	-				
	ELECTRICITY	4	27,432	153	3,125	7,100	3,353		1,500	5,000	3,000
	REFUSE DUPM	2	-	218	-	-	-				
		4									
<b>Municipal Institutional Development and</b>	<b>Social Services</b>		<b>23</b>	<b>365</b>		<b>-</b>	<b>153</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	PARKS & RECREATION	2	-	-	-	-	-				
	TRAFFIC SERVICES	13	23	-	-	-	153				
	MUSEUM	12	-	-	-	-	-				
	LIBRARIES	8	-	-	-	-	-				
	CEMETERIES	9	-	-	-	-	-				
	PROPERTY SERVICES	15	-	365	-	-	-				
	ASSESSMENT RATES	8	-	-	-	-	-				
		17									
<b>Local Economic Development</b>	<b>Tourism</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	LED AND IDP	3	-	-	-	-	-				
		7									
<b>Municipal Financial Viability and Management</b>	<b>To effectively manage the revenue and expenditure functions of the FINANCE</b>	<b>17</b>	<b>-</b>	<b>117</b>	<b>-</b>	<b>1,550</b>	<b>-</b>	<b>-</b>	<b>1,550</b>	<b>-</b>	<b>-</b>
		17	-	117	-	1,550	-	-	1,550	-	-
<b>Good Governance and Public Participation</b>	<b>Council</b>		<b>-</b>	<b>476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	MAYOR		-	476	-	-	-	-	-	-	-
	COUNCIL EXPENSES	17	-	-	-	-	-				
	MUNICIPAL MANAGER	17	-	-	-	-	-				
	CORPORATE SERVICE	17	-	-	-	-	-				
		16									
<b>Allocations to other priorities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure</b>			<b>27,518</b>	<b>44,960</b>	<b>42,630</b>	<b>71,017</b>	<b>56,792</b>	<b>-</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>

### **2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



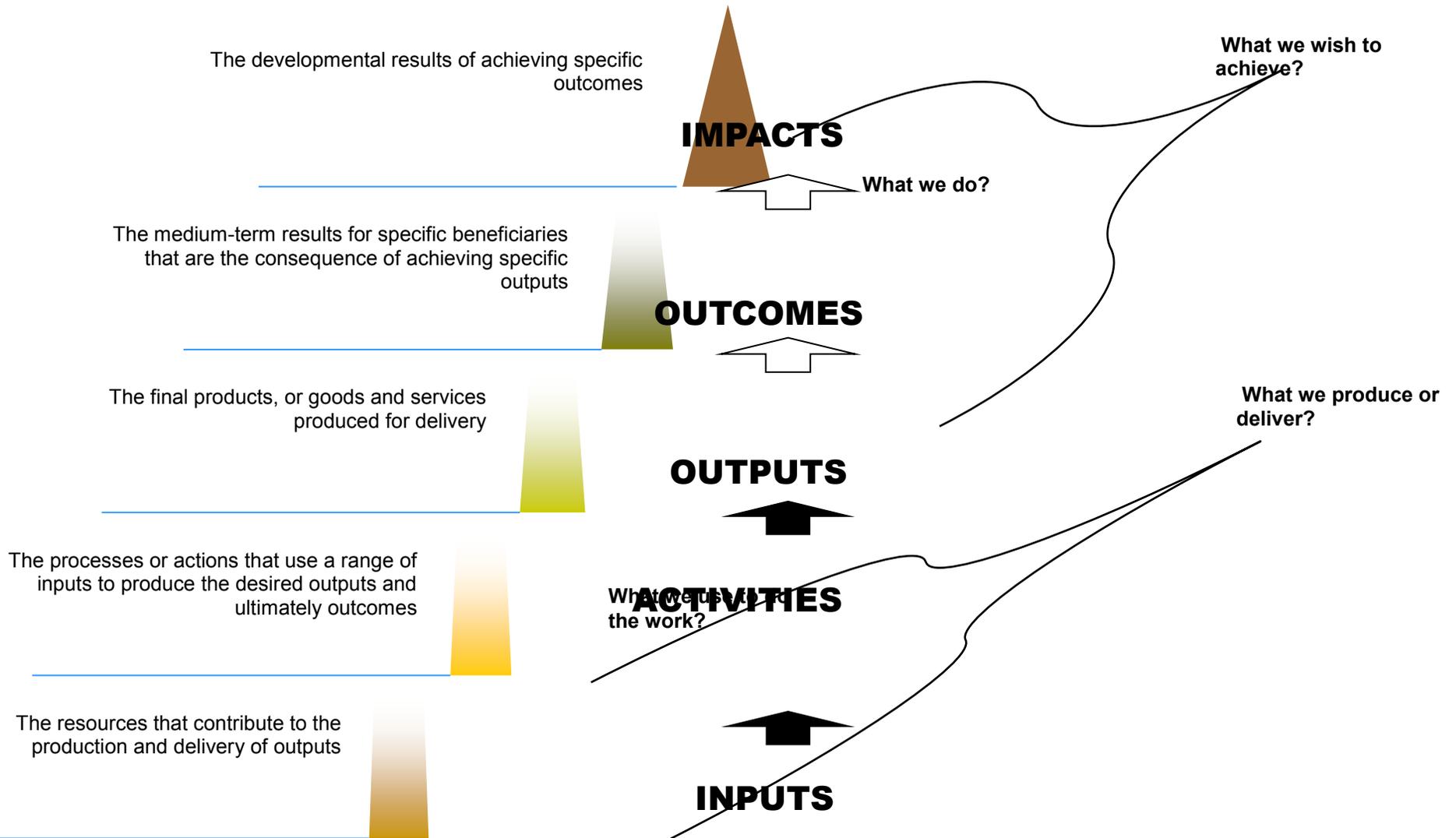
**Figure 4 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:



**Figure 5 Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 21 MBRR Table SA7 - Measurable performance objectives**

**NC072 Umsobomvu - Supporting Table SA7 Measureable performance objectives**

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Council</b>										
<b>Council and Municipal Manager</b>										
<b>Council</b>										
<i>Annual performance reporting</i>	Annual report and			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Approval of adjustments budget</i>	Approval of adjustments			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Effective functioning of committee system</i>	No of section 79			4	4	4	4	4	4	4
<i>Effective functioning of MPAC</i>	No of MPAC meetings			4	4	4	4	4	4	4
<i>Effective functioning of ward committees</i>	No of ward committee			8	12	12	12	12	12	12
<b>Approval of final budget</b>	Approval of final budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Mayor</b>										
<i>Approval of SDBIP</i>	Approval of SDBIP before	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Municipal Manager</b>										
<i>Functional Internal Audit unit</i>	Reviewed and approved	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Functional performance audit committee</i>	No of meetings of the	4	4	4	4	4	4	4	4	4
<i>Improved good governance</i>	%implementation of anti-									
<i>Institutional performance management system</i>	No of performance	4	4	3	4	4	4	4	4	4
<i>Municipality comply with all relevant legislation</i>	No of compliance		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Finance</b>										
<b>Finance</b>										
<i>Clean Audit</i>	% of Root causes of		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Improvement in conditional grant spending-</i>	% of total conditional	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Preparation of financial statements</i>	Financial statements	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Updated indigent register for the provision of</i>	Updated indigent register	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Improvement in conditional grant spending-</i>	% of conditional capital			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>New financial system</i>	% procurement of new				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Improved revenue collection</b>	% debt recovery rate	84.0%	84.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
<b>Effective Supply Chain Management System</b>	No of tenders	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Reduce section 32 expenditure</b>	Value less < than R5m			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Asset Management</b>	Compliance with GRAP	50.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Sub-function 2 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure/s description</i>										

<b>Corporate Services</b>										
<b>Corporate Services</b>										
<b>Sub-function 1 - (name)</b>										
Reaching of employment equity targets	% Target reached as per			90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Targeted skills development	The % of budget spent on			90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective labour relations	No of LLF meetings				4	4	4	4	4	4
Effective and update HR policies	Revision of all HR	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Local Economic Development</b>										
Reviewed IDP	IDP reviewed annually	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Enhancement of economic development	Value of contracts signed									
Employment through job creation initiatives	No of temporary jobs				1000.0%	1000.0%	1000.0%	1000.0%	1000.0%	1000.0%
<b>Community Services</b>										
Maintenance of halls and facilities	% of maintenance budget				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Function 2 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
Insert measure/s description										
<b>Sub-function 2 - (name)</b>										
Insert measure/s description										
<b>Sub-function 3 - (name)</b>										
Insert measure/s description										
<b>Technical Services</b>										
<b>Roads and Stormwater</b>										
<b>Sub-function 1 - (name)</b>										
Improvement in conditional grant spending-	% of conditional capital			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of municipal roads	% of maintenance budget				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of municipal roads (Reseal)	Kilometres of roads			2	2	2	2	2	2	2
Maintenance of refuse removal services	% of maintenance budget on refuse removal spent				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of sanitation services	% of maintenance budget				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of water assets	% of maintenance budget on water services spent				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New water connections	No of new water connections			100	100	100	100	100	100	100
Replacement of existing water meters	No of meters replaced									
Maintenance of electricity network	% of maintenance budget				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New electricity connections	No of new electricity			100	100	100	100	100	100	100
Replacement of existing electricity meters	No of electricity meters			20	10	10	10	10	10	10
Maintenance of stormwater services	% of maintenance budget				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Insert measure/s description										
<b>Entity 3 - (name of entity)</b>										
Effective functioning of MPAC										
<b>And so on for the rest of the Entities</b>										

**Table 22 MBRR Table SA8 - Performance indicators and benchmarks**

**NC072 Umsobomvu - Supporting Table SA8 Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Borrowing Management</b>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.5%	1.4%	0.4%	0.7%	0.6%	0.6%	0.8%	0.8%	0.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.2%	2.7%	0.8%	1.5%	1.3%	1.3%	1.6%	1.5%	1.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	110.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>										
Current Ratio	Current assets/current liabilities	0.6	1.3	1.6	49.9	49.9	49.9	85.3	67.9	63.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.6	1.3	1.6	48.5	49.9	49.9	85.3	67.9	63.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.7	0.8	16.5	16.5	16.5	49.1	32.0	28.7
<b>Revenue Management</b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		78.8%	149.2%	73.3%	97.5%	86.0%	0.0%	84.4%	84.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		78.8%	149.2%	73.3%	97.5%	86.0%	86.0%	84.4%	84.2%	85.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	28.1%	29.2%	32.1%	27.5%	24.1%	24.1%	28.7%	26.9%	25.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<b>Creditors Management</b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	98.0%	97.0%	100.0%	100.0%			100.0%	100.0%	100.0%
Creditors to Cash and Investments		400.4%	40.2%	52.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Other Indicators</b>										
	Total Volume Losses (kW)									
	Total Cost of Losses (Rand '000)									
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated									
	Total Volume Losses (kℓ)									
	Total Cost of Losses (Rand '000)									
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated									
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.6%	32.7%	28.4%	39.2%	34.3%	34.3%	38.7%	40.1%	42.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	39.8%	35.6%	33.4%	42.3%	37.3%	37.3%	41.7%	43.0%	45.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.5%	2.9%	2.0%	2.5%	2.1%	2.1%	2.4%	2.4%	2.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	39.3%	33.8%	26.5%	31.6%	27.7%	27.7%	23.9%	22.6%	21.8%
<b>IDP regulation financial viability indicators</b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	12.1	42.5	33.8	29.6	29.6	29.6	27.5	23.3	24.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	55.3%	60.9%	73.6%	51.5%	46.2%	46.2%	51.6%	47.9%	43.9%
iii. Cost coverage	(Available cash - Investments)/monthly fixed operational expenditure	0.3	6.5	5.5	2.8	6.1	6.1	3.3	3.7	4.2

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Umsobomvu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the municipality has no borrowing cost in 2014/2015 and in 2015/16. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is zero per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2012 and 2017. Debt service costs are expected to peak in 2017 due to the redemption of the last few term loans held by the Municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2014/2015 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

#### 2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

#### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014/2015 MTREF the current ratio is 3.6 in the 2013/2014 financial year and 3,1 and 2.8 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 0.7 and as part of the financial planning strategy it has been stabilized at 2.7 in the 2012/13 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

#### 2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### 2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/2015 financial year 3532 registered indigents have been provided for in the budget with this figured increasing to 4032 by 2015/16. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, sanitation and free waste removal equivalent to removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 16 MBRR A10 (Basic Service Delivery Measurement) on page 54.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

### **2.3.3 Providing clean water and managing waste water**

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The total water supply of is extracted and treated by the municipality, from rivers and boreholes.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;

- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

## **2.4 Overview of budget related-policies**

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

### **2.4.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in October 2012 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2014/2015 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, a payment incentive scheme has been implemented and has delivered significant results in the recovery of older debt.

### **2.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **2.4.3 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in May 2013. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

### **2.4.5 Budget Policy**

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget Policy was approved by Council in JULY 2012 and was amended on 16 February 2014 in respect of both Operating and Capital Budget Fund Transfers.

### **2.4.6 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy was amended by Council in May 2014. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

### **2.4.7 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

## 2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2014/2015 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2013/14 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## 2.5 Overview of budget assumptions

### 2.5.1 External factors

Domestically, after five years of strong growth, during which about 400 jobs were created, our economy shrank by an estimated 1.8 per cent last. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2014 will be .7 per cent rising to .8 per cent by 2016.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

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

There are five key factors that have been taken into consideration in the compilation of the 2014/2015 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 38 per cent of total operating expenditure in the 2013/2014 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

### **2.5.3 Credit rating outlook**

No credit rating have been done by the Municipality

### **2.5.4 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for Umsobomvu Municipality in the 2014/2015 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2014/2015 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

### **2.5.5 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.5.6 Growth or decline in tax base of the municipality**

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **2.5.7 Salary increases**

The collective agreement regarding salaries/wages that came into operation on 1 July 2013 ends on 30 June 2015. The new agreement has been reached 6.79 per cent.

### **2.5.8 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### 2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2014/2015 MTREF of which performance has been factored into the cash flow budget.

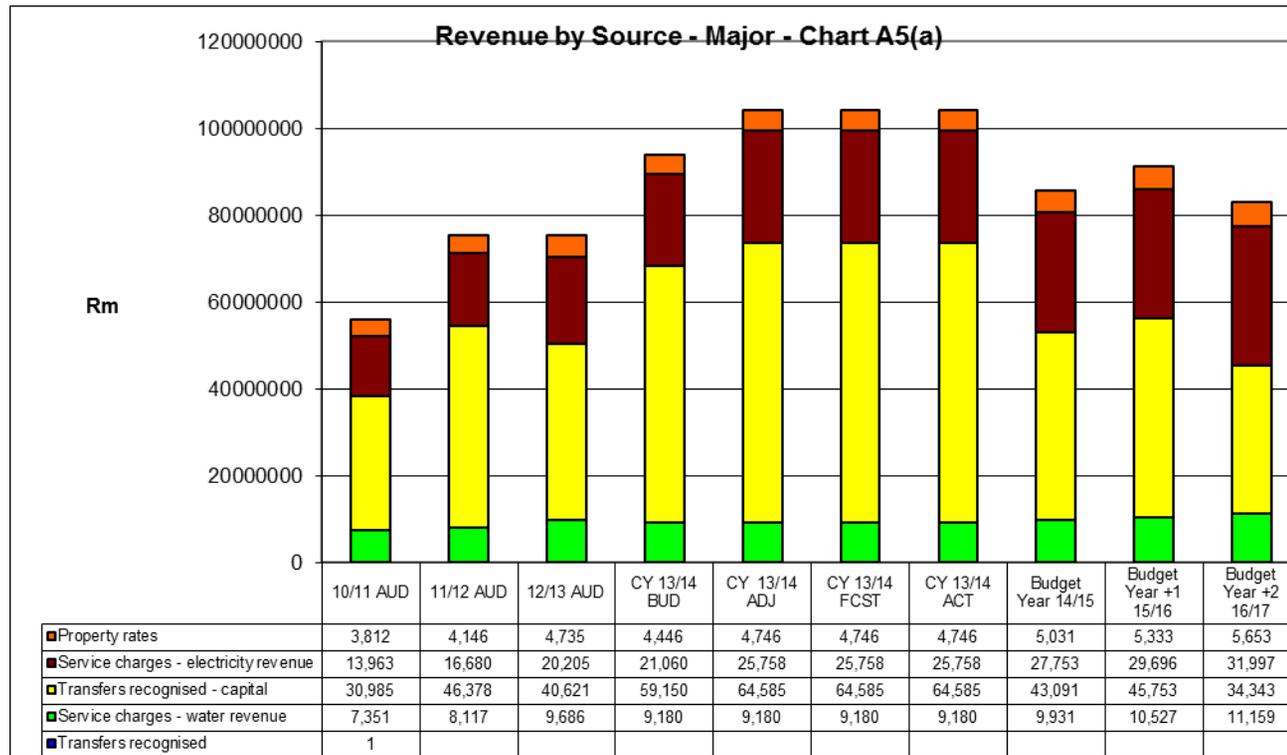
## 2.6 Overview of budget funding

### 2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description  R Thousand	2013/14 Medium Term Revenue & Expenditure Framework						
	Budget Year 2013/14	%	Budget Year + 1 2014/15	%	Budget Year+2 2015/16	%	Budget Year+2 2015/16
Property Rates	4,746,080	6.0	5,030,845.00	6.0	5,332,695.00	6.0	5,652,658.00
Service Charges	47,294,752	7.5	50,827,681.00	6.5	54,155,743.00	7.0	57,924,150.00
Investment Revenue	512,000	(39.1)	312,000.00	-	312,000.00	-	312,000.00
Transfers Recognised - Operational	39,929,500	(8.9)	36,381,400.00	7.5	39,096,950.00	2.6	40,125,200.00
Other Own Revenue	4,288,850	(2.3)	4,189,588.60	0.1	4,193,869.51	(45.2)	2,296,607.29
<b>Total Operating Revenue (Excluding Capital Transfers And Contributions)</b>	100,806,445	0.2	101,017,870.60	6.5	107,604,468.51	3.3	111,202,352.29
<b>Total operating Expenditure</b>	129,254,214	(2.7)	125,745,783.63	5.1	132,220,212.56	3.1	136,372,089.39
<b>Surplus / Deficit</b>	(28,447,769.30)	(13.1)	(24,727,913.34)	(0.5)	(24,615,745.14)	2.3	(25,169,737.10)

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.



**Figure 6 Breakdown of operating revenue over the 2014/15 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits, etc)

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;

- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

**Table 33 Proposed Tariff Increase Over The Medium-term**

Revenue Category	2014/15 Proposed Tariff Increase	2015/16 Proposed Tariff Increase	2016/17 Proposed Tariff Increase	2014/15 Additional Revenue for Each 1% Tariff Increase	2015/16 Additional Revenue Owing To 1% Tariff Increase	2014/15 Total Budgeted Revenue
	%	%	%	R'000	R'000	R'
<b>Property Rates</b>	-6 %	6 %	6 %	R 47.50	R 50.33	R 53.33
<b>Sanitation</b>	9 %	6 %	6 %	R 53.67	R 74.17	R 78.67
<b>Solid Waste</b>	6 %	6 %	6 %	R 14.67	R 55.16	R 58.33
<b>Water</b>	6.5 %	6 %	6 %	R 125.17	R 99.33	R 105.33
<b>Electricity</b>	7 %	7 %	7 %	R 285	R 277.57	R 328.71
<b>Total</b>						

Revenue to be generated from property rates is R 5.031 million in the 2014/15 financial year and increases to R 5.333 million by 2015/16 which represents 4.99 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is done with the data verification and validation process relating to the valuation roll. In addition there are no outstanding objections on the valuation roll. As the levying of property rates is considered a strategic revenue source a general valuation process will be undertaken in the 2014/15 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R50.828 million for the 2014/15 financial year and increasing to R54.156 million by 2015/16. For the 2014/15 financial year services charges amount to 50.31 per cent of the total revenue base and grows by 0.02 and 1.76 per cent per annum respectively over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R36.664 million, R40.074 million and R41.374 million for each of the respective financial years of the MTREF, or 36.19, 36.91 and 36.79 per cent of operating revenue. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality.

The tables below provide detail investment information and investment particulars by maturity.

**Table 23 MBRR SA15 – Detail Investment Information**

**NC072 Umsobomvu - Supporting Table SA15 Investment particulars by type**

Investment type	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Parent municipality</b>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank				12,000	12,000	12,000	6,000	6,000	6,000
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
<b>Municipality sub-total</b>	-	-	-	12,000	12,000	12,000	6,000	6,000	6,000
<b>Entities</b>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
<b>Entities sub-total</b>	-	-	-	-	-	-	-	-	-
<b>Consolidated total:</b>	-	-	-	12,000	12,000	12,000	6,000	6,000	6,000

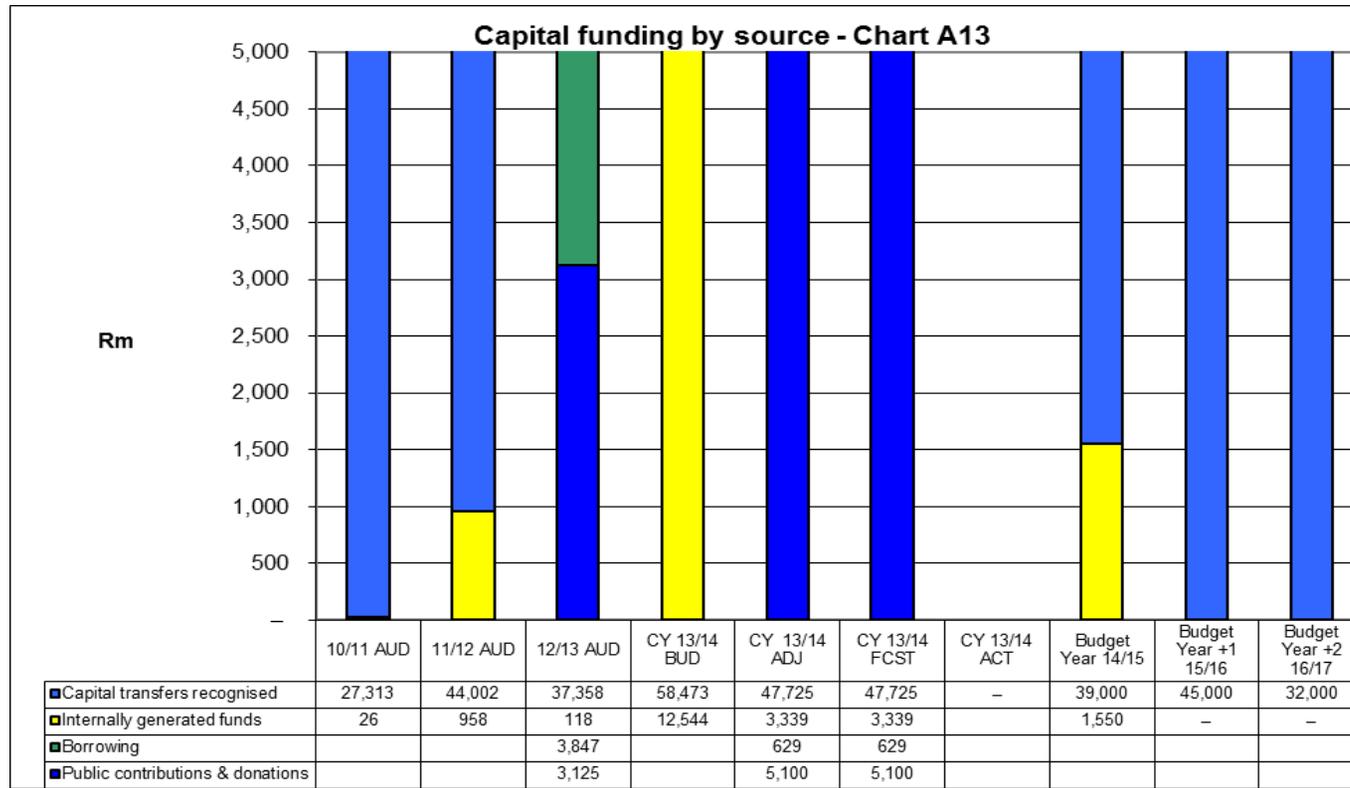
**Table 24 MBRR SA16 – Investment particulars by maturity**

NC072 Umsobomvu - Supporting Table SA16 Investment particulars by maturity													
Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months												
<u>Parent municipality</u>													
Notice Deposits	3 Months	Notice Deposits	No	Variable	5%	-	-	+ 3 Months	6,000	300	-	-	6,300
													-
													-
													-
													-
Municipality sub-total									6,000		-	-	6,300
<u>Entities</u>													
													-
													-
													-
													-
Entities sub-total									-		-	-	-
<b>TOTAL INVESTMENTS AND INTEREST</b>									<b>6,000</b>		<b>-</b>	<b>-</b>	<b>6,300</b>

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

**Table 25 Sources of capital revenue over the MTREF**



**Figure 7 Sources of capital revenue for the 2013/14 financial year**

Capital grants and receipts equates to 96.18 per cent of the total funding source which represents R40.550 million for the 2014/15 financial year and steadily increases to R45.000 million or 100 per cent by 2014/15. Capital grants are decreasing 28.89 per cent over the medium-term.

Borrowing still remains an insignificant funding source for the capital programme over the medium-term. As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the Municipality’s borrowing liability.

**Table 26 MBRR Table SA 17 - Detail of borrowings**

**NC072 Umsobomvu - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Parent municipality</b>									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases	546	295	3,699	3,646	3,646	3,646	3,585	2,857	2,057
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
<b>Municipality sub-total</b>	<b>546</b>	<b>295</b>	<b>3,699</b>	<b>3,646</b>	<b>3,646</b>	<b>3,646</b>	<b>3,585</b>	<b>2,857</b>	<b>2,057</b>
<b>Entities</b>									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
<b>Entities sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Borrowing</b>	<b>546</b>	<b>295</b>	<b>3,699</b>	<b>3,646</b>	<b>3,646</b>	<b>3,646</b>	<b>3,585</b>	<b>2,857</b>	<b>2,057</b>

The following graph illustrates the growth in outstanding borrowing for the 2010/11 to 2014/15 period.

**Figure 8 Growth in outstanding borrowing (long-term liabilities)**

**Table 27 MBRR Table SA 18 - Capital transfers and grant receipts**

NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>25,707</b>	<b>28,335</b>	<b>31,619</b>	<b>34,402</b>	<b>34,152</b>	<b>34,152</b>	<b>35,673</b>	<b>38,389</b>	<b>39,417</b>
Equitable share	23,637	26,095	29,319	30,684	30,684	30,684	32,382	34,906	35,718
FINANCE MANAGEMENT	1,215	1,450	1,500	1,650	1,650	1,650	1,800	1,950	2,100
MSIG	750	790	800	890	890	890	934	967	1,018
MIG ADMIN - PMU	-	-	-	678	678	678	557	566	581
Energy Efficiency and Demand Management	105	-	-	500	250	250	-	-	-
SUBSIDY STATE	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	<b>359</b>	<b>522</b>	<b>715</b>	<b>715</b>	<b>708</b>	<b>708</b>	<b>991</b>	<b>1,685</b>	<b>1,957</b>
DEPT ART & CULTURE (LIBRARY)	359	522	715	715	708	708	991	1,685	1,957
YOUTH PROGRAMS	-	-	-	-	-	-	-	-	-
IMMUNISATION GRANT	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
DISTRICT MUNICIPALITY	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,600</b>	<b>3,600</b>	<b>-</b>	<b>-</b>	<b>-</b>
IEC INFRASTRUCTURE	-	-	-	-	3,600	3,600	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>26,066</b>	<b>28,857</b>	<b>32,334</b>	<b>35,117</b>	<b>38,460</b>	<b>38,460</b>	<b>36,664</b>	<b>40,074</b>	<b>41,374</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>1,620</b>	<b>45,492</b>	<b>51,921</b>	<b>55,973</b>	<b>47,473</b>	<b>47,473</b>	<b>43,091</b>	<b>45,753</b>	<b>32,043</b>
RBIG - DWAF	-	37,869	28,350	35,000	31,000	31,000	30,000	30,000	18,000
HOUSING PROJECTS	1,620	1,664	-	-	-	-	-	-	-
EEDG	-	59	5,000	4,500	-	-	-	-	-
MIG - CAPITAL	-	3,584	14,271	12,873	12,873	12,873	10,591	10,753	11,043
INEP	-	2,316	3,300	2,600	2,600	2,600	1,500	5,000	3,000
EPWP	-	-	1,000	1,000	1,000	1,000	1,000	-	-
<b>Provincial Government:</b>	<b>2,804</b>	<b>298</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
DISASTER	-	-	-	-	-	-	-	-	-
DEPRT OF SAFETY	2,804	298	-	-	-	-	-	-	-
EPWP	-	-	-	2,500	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
DISTRICT MUNICIPALITY	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,600</b>	<b>-</b>	<b>-</b>	<b>-</b>
Kgotso Pula Nala	-	-	-	-	-	2,600	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>4,424</b>	<b>45,790</b>	<b>51,921</b>	<b>58,473</b>	<b>47,473</b>	<b>50,073</b>	<b>43,091</b>	<b>45,753</b>	<b>32,043</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>30,490</b>	<b>74,647</b>	<b>84,255</b>	<b>93,589</b>	<b>85,932</b>	<b>88,532</b>	<b>79,755</b>	<b>85,827</b>	<b>73,417</b>

## 2.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 28 MBRR Table A7 - Budget cash flow statement**

<b>NC072 Umsobomvu - Table A7 Budgeted Cash Flows</b>									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	33,046	80,641	43,972	51,913	51,913	51,913	59,480	66,449	68,781
Government - operating	26,450	28,857	45,863	35,117	39,930	39,930	36,664	40,074	41,374
Government - capital	30,985	46,378	34,315	59,150	64,585	64,585	43,091	45,753	34,343
Interest	1,873	2,136	914	1,350	1,350	1,350	1,739	1,829	2,054
Dividends	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Suppliers and employees	(64,957)	(81,111)	(82,092)	(84,355)	(81,457)	(81,457)	(88,438)	(94,487)	(127,888)
Finance charges	(203)	(127)	(127)	(364)	(364)	(364)	(354)	(339)	(5,915)
Transfers and Grants	-	-	-	-	-	-	-	-	(3,817)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>27,193</b>	<b>76,774</b>	<b>42,846</b>	<b>62,811</b>	<b>75,956</b>	<b>75,956</b>	<b>52,182</b>	<b>59,280</b>	<b>8,932</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE		3			(0)	(0)	(0)	(0)	
Decrease (Increase) in non-current debtors	6	4			-	-			
Decrease (increase) other non-current receivables					-	-			
Decrease (increase) in non-current investments					-	-			
<b>Payments</b>									
Capital assets	(27,339)	(44,960)	(44,448)	(71,017)	(61,792)	(61,792)	(47,898)	(45,000)	(32,000)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(27,333)</b>	<b>(44,954)</b>	<b>(44,448)</b>	<b>(71,017)</b>	<b>(61,793)</b>	<b>(61,793)</b>	<b>(47,898)</b>	<b>(45,000)</b>	<b>(32,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-			-					
Borrowing long term/refinancing			4,385	-					
Increase (decrease) in consumer deposits	-	-		-					
<b>Payments</b>									
Repayment of borrowing	(291)	(1,331)	(367)	(452)	(452)	(452)	(728)	(800)	(872)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(291)</b>	<b>(1,331)</b>	<b>4,018</b>	<b>(452)</b>	<b>(452)</b>	<b>(452)</b>	<b>(728)</b>	<b>(800)</b>	<b>(872)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(431)</b>	<b>30,489</b>	<b>2,415</b>	<b>(8,658)</b>	<b>13,712</b>	<b>13,712</b>	<b>3,556</b>	<b>13,480</b>	<b>(23,941)</b>
Cash/cash equivalents at the year begin:	1,937	1,506	31,995	25,208	25,596	25,596	15,612	19,168	32,648
Cash/cash equivalents at the year end:	1,506	31,995	34,410	16,550	39,308	39,308	19,168	32,648	8,707

It can be seen that the cash levels of the Municipality increased significantly over the 2010/11 to 2013/14 period owing directly to a net increase in cash for the financial year of R13.712 million.

The approved 2014/2015 MTREF provide for a further net decrease in cash of R10.156 million for the 2014//15 MTREF year resulting in an overall projected positive cash position of R19.168 million at year end.

### **2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation**

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 29 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

**NC072 Umsobomvu - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	1,506	31,995	34,410	16,550	39,308	39,308	19,168	32,648	8,707
Other current investments > 90 days	0	0	0	(4,550)	(27,308)	(27,308)	20,356	(6,608)	7,592
Non current assets - Investments	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>1,506</b>	<b>31,995</b>	<b>34,410</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>39,524</b>	<b>26,040</b>	<b>16,300</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	8,481	29,359	24,002	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(9,143)	(23,375)	(6,853)	(23,685)	(20,890)	(20,890)	(26,793)	(27,962)	(27,304)
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
<b>Total Application of cash and investments:</b>	<b>(661)</b>	<b>5,984</b>	<b>17,149</b>	<b>(23,685)</b>	<b>(20,890)</b>	<b>(20,890)</b>	<b>(26,793)</b>	<b>(27,962)</b>	<b>(27,304)</b>
<b>Surplus(shortfall)</b>	<b>2,168</b>	<b>26,011</b>	<b>17,261</b>	<b>35,685</b>	<b>32,890</b>	<b>32,890</b>	<b>66,317</b>	<b>54,002</b>	<b>43,604</b>

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

**2.6.4 Funding compliance measurement**

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 30 MBRR SA10 – Funding compliance measurement**

NC072 Umsobomvu Supporting Table SA10 Funding measurement										
Description	MFMA section	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	18(1)b	1,506	31,995	34,410	16,550	39,308	39,308	22,960	27,445	32,258
Cash + investments at the yr end less applications - R'000	18(1)b	2,168	26,011	17,261	35,685	32,890	32,890	63,760	49,759	47,001
Cash year end/monthly employee/supplier payments	18(1)b	0.3	6.5	5.5	2.8	6.1	6.1	3.3	3.7	4.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	433,615	458,368	476,403	581,743	587,048	587,048	13,417	20,540	8,931
Service charge rev % change - macro CPIX target exclusiv e	18(1)a,(2)	N.A.	8.6%	10.2%	(3.9%)	5.4%	(6.0%)	0.9%	0.5%	0.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	78.8%	149.2%	73.3%	97.5%	86.0%	86.0%	84.4%	84.2%	85.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	17.2%	5.1%	14.9%	9.3%	9.2%	9.2%	9.3%	9.3%	9.2%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	100.0%	108.8%	108.8%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	0.0%	0.0%	61.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov t. legislated/gazetted allocations	18(1)a							100.0%	100.0%	103.2%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	26.1%	40.3%	(28.7%)	0.0%	0.0%	19.3%	(1.0%)	(2.1%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	11.2%	11.3%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a		14.0%	10.2%	5.3%	4.3%	0.0%	1.6%	6.0%	6.0%
% incr in Service charges - other	18(1)a		0.0%	(101.6%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	34,856	39,863	46,276	47,155	52,575	52,575	56,207	59,856	63,965
Service charges		34,449	39,483	45,863	46,847	52,200	52,200	55,811	59,438	63,524
Property rates		4,371	4,431	4,900	4,605	4,905	4,905	5,199	5,511	5,842
Service charges - electricity revenue		13,963	16,680	20,205	21,060	25,758	25,758	27,753	29,696	31,997
Service charges - water revenue		7,351	8,117	9,686	9,180	9,180	9,180	9,931	10,527	11,159
Service charges - sanitation revenue		4,835	5,506	6,143	6,804	6,935	6,935	7,418	7,863	8,335
Service charges - refuse removal		3,929	4,478	4,934	5,198	5,422	5,422	5,510	5,841	6,191
Service charges - other		-	270	(4)	-	-	-	-	-	-
Rental of facilities and equipment		408	379	413	308	375	375	396	418	441
Capital expenditure excluding capital grant funding		26	958	7,090	12,544	9,067	9,067	1,550	-	-
Cash receipts from ratepayers	18(1)a	33,046	80,641	43,972	51,913	51,913	51,913	54,102	57,227	60,352
Ratepayer & Other revenue	18(1)a	41,941	54,041	60,022	53,242	60,365	60,365	64,109	67,967	70,523
Change in consumer debtors (current and non-current)		9,082	5,029	9,784	(9,784)	(9,784)	(9,784)	4,683	(278)	(605)
Operating and Capital Grant Revenue	18(1)a	57,435	75,235	85,873	94,267	104,514	104,514	79,472	84,850	74,468
Capital expenditure - total	20(1)(vi)	27,339	44,960	44,448	71,017	56,792	56,792	40,550	45,000	32,000
Capital expenditure - renewal	20(1)(vi)	-	-	5,000	8,000	-	-	-	-	-
<b>Supporting benchmarks</b>										
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY								36,381	39,097	40,125
DoRA capital grants total MFY								43,091	45,753	32,043
Provincial operating grants										
Provincial capital grants										
District Municipality grants										
Total gazetted/advised national, provincial and district grants								79,472	84,850	72,168
Average annual collection rate (arrears inclusive)								90.0%	90.0%	90.0%

<b>DoRA operating</b>										
Equitable share								32,382	34,906	35,718
FINANCE MANAGEMENT								1,800	1,950	2,100
MSIG								934	967	1,018
MIG ADMIN - PMU								557	566	581
DEPT ART & CULTURE (LIBRARY)								708	708	708
								<b>36,381</b>	<b>39,097</b>	<b>40,125</b>
<b>DoRA capital</b>										
RBIG - DWAF								30,000	30,000	18,000
INEP								1,500	5,000	3,000
EPWP								1,000	-	-
MIG - CAPITAL								10,591	10,753	11,043
								<b>43,091</b>	<b>45,753</b>	<b>32,043</b>
<b>Trend</b>										
Change in consumer debtors (current and non-current)		9,082	5,029	9,784	(9,784)	4,683	(278)	-	-	-
<b>Total Operating Revenue</b>		68,447	83,318	106,189	88,380	100,806	100,806	100,802	106,810	110,379
<b>Total Operating Expenditure</b>		96,508	104,942	128,458	116,698	129,254	129,254	125,746	132,220	136,372
<b>Operating Performance Surplus/(Deficit)</b>		(28,061)	(21,624)	(22,270)	(28,319)	(28,448)	(28,448)	(24,944)	(25,410)	(25,993)
<b>Cash and Cash Equivalents (30 June 2012)</b>								22,960		
<b>Revenue</b>										
% Increase in Total Operating Revenue			21.7%	27.5%	(16.8%)	14.1%	0.0%	(0.0%)	6.0%	3.3%
% Increase in Property Rates Revenue			8.7%	14.2%	(6.1%)	6.8%	0.0%	6.0%	6.0%	6.0%
% Increase in Electricity Revenue			19.5%	21.1%	4.2%	22.3%	0.0%	7.7%	7.0%	7.7%
% Increase in Property Rates & Services Charges			14.6%	16.2%	2.1%	11.4%	0.0%	6.9%	6.5%	6.9%
<b>Expenditure</b>										
% Increase in Total Operating Expenditure			8.7%	22.4%	(9.2%)	10.8%	0.0%	(2.7%)	5.1%	3.1%
% Increase in Employee Costs			8.7%	10.8%	14.9%	(0.0%)	0.0%	12.8%	9.8%	9.0%
% Increase in Electricity Bulk Purchases			28.1%	12.2%	7.6%	3.5%	0.0%	6.1%	8.0%	8.0%
Average Cost Per Budgeted Employee Position (Remuneration)				142181.9387	153866.9822			172055.1834		
Average Cost Per Councillor (Remuneration)				248828.6	280430.4			294451.9		
R&M % of PPE		0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Asset Renewal and R&M as a % of PPE		9.0%	2.0%	15.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt Impairment % of Total Billable Revenue		17.2%	5.1%	14.9%	9.3%	9.2%	9.2%	9.3%	9.3%	9.2%
<b>Capital Revenue</b>										
Internally Funded & Other (R'000)		26	958	3,243	12,544	8,439	8,439	1,550	-	-
Borrowing (R'000)		-	-	3,847	-	629	629	-	-	-
Grant Funding and Other (R'000)		27,313	44,002	37,358	58,473	47,725	47,725	39,000	45,000	32,000
Internally Generated funds % of Non Grant Funding		100.0%	100.0%	45.7%	100.0%	93.1%	93.1%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding		0.0%	0.0%	54.3%	0.0%	6.9%	6.9%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		99.9%	97.9%	84.0%	82.3%	84.0%	84.0%	96.2%	100.0%	100.0%
<b>Capital Expenditure</b>										
Total Capital Programme (R'000)		27,339	44,960	44,448	71,017	56,792	56,792	40,550	45,000	32,000
Asset Renewal		-	-	5,000	8,000	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	11.2%	11.3%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Cash</b>										
Cash Receipts % of Rate Payer & Other		78.8%	149.2%	73.3%	97.5%	86.0%	86.0%	84.4%	84.2%	85.6%
Cash Coverage Ratio		0	0	0	0	0	0	0	0	0
<b>Borrowing</b>										
Credit Rating (2009/10)								0		
Capital Charges to Operating		0.5%	1.4%	0.4%	0.7%	0.6%	0.6%	0.8%	0.8%	0.8%
Borrowing Receipts % of Capital Expenditure		0.0%	0.0%	61.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>										
Surplus/(Deficit)		2,168	26,011	17,261	35,685	32,890	32,890	63,760	49,759	47,001
<b>Free Services</b>										
Free Basic Services as a % of Equitable Share		2.7%	2.7%	26.5%	27.1%	27.1%	27.1%	27.7%	27.3%	28.3%
Free Services as a % of Operating Revenue (excl operational transfers)		3.1%	2.5%	1.3%	1.6%	1.4%	1.4%	1.4%	1.4%	1.4%
<b>High Level Outcome of Funding Compliance</b>										
Total Operating Revenue		68,447	83,318	106,189	88,380	100,806	100,806	100,802	106,810	110,379
Total Operating Expenditure		96,508	104,942	128,458	116,698	129,254	129,254	125,746	132,220	136,372
Surplus/(Deficit) Budgeted Operating Statement		(28,061)	(21,624)	(22,270)	(28,319)	(28,448)	(28,448)	(24,944)	(25,410)	(25,993)
Surplus/(Deficit) Considering Reserves and Cash Backing		(25,893)	4,386	(5,009)	7,366	4,442	4,442	38,816	24,348	21,008
<b>MTREF Funded (1) / Unfunded (0)</b>		0	1	0	1	1	1	1	1	1
<b>MTREF Funded ✓ / Unfunded ✗</b>		✗	✓	✗	✓	✓	✓	✓	✓	✓

#### *2.6.4.1 Cash/cash equivalent position*

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/2015 MTREF shows R19.168 million, R32.648 million and R8.707 million for each respective financial year.

#### *2.6.4.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *2.6.4.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2010/11 to 2013/14, moving from 0.8 to (0.6) with the adopted 2014/15 MTREF. As part of the 2014/2015 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then further to 2 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

#### *2.6.4.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that

the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2014/2015 MTREF the indicative outcome is a surplus of R42.197 million, R44.983 million and R33.022 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 2.4 8.9 and declines .2 per cent for the respective financial year of the 2014/2015 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 11 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### *2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 97.4, 97.2 and 97.2 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 4.1, 4.0 and 4.0 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

*2.6.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

*2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. Further details relating to the borrowing strategy of the Municipality can be found on page 66.

*2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

*2.6.4.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

*2.6.4.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 44 MBRR SA34C on page 118.

*2.6.4.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a

renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 43 MBRR SA34b on page 117.

## 2.7 Expenditure on grants and reconciliations of unspent funds

### Table 31 MBRR SA19 - Expenditure on transfers and grant programmes

NC072 Umsobomvu - Supporting Table SA19 Expenditure on transfers and grant programme									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>25,707</b>	<b>28,335</b>	<b>31,619</b>	<b>34,402</b>	<b>34,152</b>	<b>34,152</b>	<b>35,673</b>	<b>38,389</b>	<b>39,417</b>
Equitable share	23,637	26,095	29,319	30,684	30,684	30,684	32,382	34,906	35,718
FINANCE MANAGEMENT	1,215	1,450	1,500	1,650	1,650	1,650	1,800	1,950	2,100
#REF!	-	-	-	-	-	-	-	-	-
#REF!	-	-	-	-	-	-	-	-	-
MSIG	750	790	800	890	890	890	934	967	1,018
MIG ADMIN - PMU	-	-	-	678	678	678	557	566	581
Energy Efficiency and Demand Management	105	-	-	500	250	250	-	-	-
SUBSIDY STATE	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	<b>359</b>	<b>522</b>	<b>715</b>	<b>715</b>	<b>708</b>	<b>708</b>	<b>991</b>	<b>1,685</b>	<b>1,957</b>
DEPT ART & CULTURE (LIBRARY)	359	522	715	715	708	708	991	1,685	1,957
YOUTH PROGRAMS	-	-	-	-	-	-	-	-	-
IMMUNISATION GRANT	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>DISTRICT MUNICIPALITY</i>									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,600</b>	<b>3,600</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>IEC INFRASTRUCTURE</i>					3,600	3,600			
<b>Total operating expenditure of Transfers and Grants</b>	<b>26,066</b>	<b>28,857</b>	<b>32,334</b>	<b>35,117</b>	<b>38,460</b>	<b>38,460</b>	<b>36,664</b>	<b>40,074</b>	<b>41,374</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>1,620</b>	<b>45,492</b>	<b>53,536</b>	<b>55,973</b>	<b>47,473</b>	<b>47,473</b>	<b>43,091</b>	<b>45,753</b>	<b>32,043</b>
RBIG - DWAF	-	37,869	26,263	35,000	31,000	31,000	30,000	30,000	18,000
HOUSING PROJECTS	1,620	1,664	-	-	-	-	-	-	-
EEDG	-	59	11,440	4,500	-	-	-	-	-
MIG - CAPITAL	-	3,584	12,254	12,873	12,873	12,873	10,591	10,753	11,043
INEP	-	2,895	2,895	1,000	2,600	2,600	1,500	5,000	3,000
EPWP	-	2,316	684	2,600	1,000	1,000	1,000	-	-
<b>Provincial Government:</b>	<b>2,804</b>	<b>298</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
EPWP	-	-	-	2,500	-	-	-	-	-
DEPRT OF SAFETY	2,804	298	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>DISTRICT MUNICIPALITY</i>									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,600</b>	<b>2,600</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Kgotso Pula Nala</i>					2,600	2,600			
<b>Total capital expenditure of Transfers and Grants</b>	<b>4,424</b>	<b>45,790</b>	<b>53,536</b>	<b>58,473</b>	<b>50,073</b>	<b>50,073</b>	<b>43,091</b>	<b>45,753</b>	<b>32,043</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>30,490</b>	<b>74,647</b>	<b>85,870</b>	<b>93,590</b>	<b>88,533</b>	<b>88,533</b>	<b>79,755</b>	<b>85,827</b>	<b>73,417</b>

**Table 32 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

NC072 Umsobomvu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	4,493	4,493			
Current year receipts	25,707	28,335	-	34,402	34,402	34,402	35,673	38,389	39,417
<b>Conditions met - transferred to revenue</b>	<b>25,707</b>	<b>28,335</b>	<b>-</b>	<b>34,402</b>	<b>38,895</b>	<b>38,895</b>	<b>35,673</b>	<b>38,389</b>	<b>39,417</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-			
Current year receipts	359	522	15,990	715	708	708	991	1,685	1,957
<b>Conditions met - transferred to revenue</b>	<b>359</b>	<b>522</b>	<b>15,990</b>	<b>715</b>	<b>708</b>	<b>708</b>	<b>991</b>	<b>1,685</b>	<b>1,957</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-			
Current year receipts	-	-	-	-	-	-			
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	-	-	-	720	720			
Current year receipts	-	-	-	-	3,600	3,600			
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,320</b>	<b>4,320</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>	<b>26,066</b>	<b>28,857</b>	<b>15,990</b>	<b>35,117</b>	<b>43,923</b>	<b>43,923</b>	<b>36,664</b>	<b>40,074</b>	<b>41,374</b>
<b>Total operating transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	8,012	8,012			
Current year receipts	1,620	45,492	8,012	55,973	51,373	51,373	43,091	45,753	32,043
<b>Conditions met - transferred to revenue</b>	<b>1,620</b>	<b>45,492</b>	<b>8,012</b>	<b>55,973</b>	<b>59,385</b>	<b>59,385</b>	<b>43,091</b>	<b>45,753</b>	<b>32,043</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-			
Current year receipts	2,804	298	-	2,500	-	-			
<b>Conditions met - transferred to revenue</b>	<b>2,804</b>	<b>298</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-			
Current year receipts	-	-	-	-	-	-			
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-			
Current year receipts	-	-	-	-	2,600	2,600			
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,600</b>	<b>2,600</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>	<b>4,424</b>	<b>45,790</b>	<b>8,012</b>	<b>58,473</b>	<b>61,985</b>	<b>61,985</b>	<b>43,091</b>	<b>45,753</b>	<b>32,043</b>
<b>Total capital transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>30,490</b>	<b>74,647</b>	<b>24,002</b>	<b>93,589</b>	<b>105,907</b>	<b>105,907</b>	<b>79,755</b>	<b>85,827</b>	<b>73,417</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2.8 Councillor and employee benefits

### Table 33 MBRR SA22 - Summary of councillor and staff benefits

<b>NC072 Umsobomvu - Supporting Table SA22 Summary councillor and staff benefits</b>									
<b>Summary of Employee and Councillor remuneration</b>									
R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	1,682	1,972	2,084	2,459	2,694	2,694	2,945	3,092	3,246
Pension and UIF Contributions	—	—	—	—	—	—	—	—	—
Medical Aid Contributions	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	410	317	267	205	205	205	—	—	—
Cellphone Allowance	126	124	137	140	140	140	—	—	—
Housing Allowances	—	—	—	—	—	—	—	—	—
Other benefits and allowances	—	—	—	—	—	—	—	—	—
<b>Sub Total - Councillors</b>	<b>2,218</b>	<b>2,413</b>	<b>2,488</b>	<b>2,804</b>	<b>3,039</b>	<b>3,039</b>	<b>2,945</b>	<b>3,092</b>	<b>3,246</b>
<b>% Increase</b>		<b>8.8%</b>	<b>3.1%</b>	<b>12.7%</b>	<b>8.4%</b>	<b>—</b>	<b>(3.1%)</b>	<b>5.0%</b>	<b>5.0%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	2,185	—	2,186	2,727	2,727	2,727	3,084	3,392	3,697
Pension and UIF Contributions	6	—	6	—	—	—	—	—	—
Medical Aid Contributions	—	—	—	—	—	—	—	—	—
Overtime	—	—	—	—	—	—	—	—	—
Performance Bonus	168	—	279	301	301	301	348	383	422
Motor Vehicle Allowance	422	—	372	422	362	362	401	437	476
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	—	—	—	36	10	10	11	12	13
Other benefits and allowances	—	—	—	—	—	—	—	—	—
Payments in lieu of leave	—	—	—	—	—	—	—	—	—
Long service awards	—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>	<b>2,781</b>	<b>—</b>	<b>2,842</b>	<b>3,486</b>	<b>3,401</b>	<b>3,401</b>	<b>3,844</b>	<b>4,224</b>	<b>4,608</b>
<b>% Increase</b>		<b>(100.0%)</b>	<b>—</b>	<b>22.7%</b>	<b>(2.5%)</b>	<b>—</b>	<b>13.0%</b>	<b>9.9%</b>	<b>9.1%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	14,414	20,243	21,285	23,332	19,812	19,812	22,885	25,243	27,532
Pension and UIF Contributions	2,649	2,745	3,036	3,765	3,872	3,872	4,492	4,893	5,331
Medical Aid Contributions	540	481	511	624	752	752	768	828	904
Overtime	853	753	1,226	827	999	999	1,060	1,150	1,249
Performance Bonus	(168)	—	—	(301)	(301)	(301)	—	—	—
Motor Vehicle Allowance	431	572	724	(55)	(0)	(0)	—	—	—
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	56	48	45	(20)	0	0	—	—	—
Other benefits and allowances	540	596	571	696	690	690	474	515	561
Payments in lieu of leave	1,915	1,432	1,387	1,926	5,045	5,045	5,204	5,682	6,204
Long service awards	—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	1,030	339	1,356	341	341	341	341	341	341
<b>Sub Total - Other Municipal Staff</b>	<b>22,260</b>	<b>27,209</b>	<b>30,142</b>	<b>31,134</b>	<b>31,209</b>	<b>31,209</b>	<b>35,213</b>	<b>38,652</b>	<b>42,122</b>
<b>% Increase</b>		<b>22.2%</b>	<b>10.8%</b>	<b>3.3%</b>	<b>0.2%</b>	<b>—</b>	<b>12.8%</b>	<b>9.8%</b>	<b>9.0%</b>
<b>Total Parent Municipality</b>	<b>27,259</b>	<b>29,622</b>	<b>35,472</b>	<b>37,425</b>	<b>37,649</b>	<b>37,649</b>	<b>42,001</b>	<b>45,968</b>	<b>49,976</b>
<b>% Increase</b>		<b>8.7%</b>	<b>19.7%</b>	<b>5.5%</b>	<b>0.6%</b>	<b>—</b>	<b>11.6%</b>	<b>9.4%</b>	<b>8.7%</b>
<b>Board Members of Entities</b>									
Basic Salaries and Wages	—	—	—	—	—	—	—	—	—
Pension and UIF Contributions	—	—	—	—	—	—	—	—	—
Medical Aid Contributions	—	—	—	—	—	—	—	—	—
Overtime	—	—	—	—	—	—	—	—	—
Performance Bonus	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	—	—	—	—	—	—	—	—	—
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	—	—	—	—	—	—	—	—	—
Other benefits and allowances	—	—	—	—	—	—	—	—	—
Board Fees	—	—	—	—	—	—	—	—	—
Payments in lieu of leave	—	—	—	—	—	—	—	—	—
Long service awards	—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—
<b>Sub Total - Board Members of Entities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>% Increase</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	—	—	—	—	—	—	—	—	—
Pension and UIF Contributions	—	—	—	—	—	—	—	—	—
Medical Aid Contributions	—	—	—	—	—	—	—	—	—
Overtime	—	—	—	—	—	—	—	—	—
Performance Bonus	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	—	—	—	—	—	—	—	—	—
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	—	—	—	—	—	—	—	—	—
Other benefits and allowances	—	—	—	—	—	—	—	—	—
Payments in lieu of leave	—	—	—	—	—	—	—	—	—
Long service awards	—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Entities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>% Increase</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	—	—	—	—	—	—	—	—	—
Pension and UIF Contributions	—	—	—	—	—	—	—	—	—
Medical Aid Contributions	—	—	—	—	—	—	—	—	—
Overtime	—	—	—	—	—	—	—	—	—
Performance Bonus	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	—	—	—	—	—	—	—	—	—
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	—	—	—	—	—	—	—	—	—
Other benefits and allowances	—	—	—	—	—	—	—	—	—
Payments in lieu of leave	—	—	—	—	—	—	—	—	—
Long service awards	—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—
<b>Sub Total - Other Staff of Entities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>% Increase</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Municipal Entities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>% Increase</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>27,259</b>	<b>29,622</b>	<b>35,472</b>	<b>37,425</b>	<b>37,649</b>	<b>37,649</b>	<b>42,001</b>	<b>45,968</b>	<b>49,976</b>
<b>% Increase</b>		<b>8.7%</b>	<b>19.7%</b>	<b>5.5%</b>	<b>0.6%</b>	<b>—</b>	<b>11.6%</b>	<b>9.4%</b>	<b>8.7%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>25,041</b>	<b>27,209</b>	<b>32,983</b>	<b>34,620</b>	<b>34,610</b>	<b>34,610</b>	<b>39,057</b>	<b>42,876</b>	<b>46,730</b>



**Table 35 MBRR SA24 – Summary of personnel numbers**

<b>NC072 Umsobomvu - Supporting Table SA24 Summary of personnel numbers</b>									
<b>Summary of Personnel Numbers</b>	<b>2012/13</b>			<b>Current Year 2013/14</b>			<b>Budget Year 2014/15</b>		
	<b>Positions</b>	<b>Permanent employees</b>	<b>Contract employees</b>	<b>Positions</b>	<b>Permanent employees</b>	<b>Contract employees</b>	<b>Positions</b>	<b>Permanent employees</b>	<b>Contract employees</b>
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	10	–	10	10	–	10	10	–	10
Board Members of municipal entities									
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	4	–	4	4	–	4	4	–	4
Other Managers	5	4	1	5	4	1	6	5	1
Professionals	137	131	6	150	144	6	150	144	6
Finance	32	27	5	34	29	5	34	29	5
Spatial/town planning	1	1	–	1	1	–	1	1	–
Information Technology	–	–	–	–	–	–	–	–	–
Roads	37	37	–	41	41	–	44	43	1
Electricity	7	7	–	7	7	–	7	7	–
Water	19	18	1	20	19	1	22	22	–
Sanitation	15	15	–	20	20	–	15	15	–
Refuse	26	26	–	27	27	–	27	27	–
Other									
Technicians	2	–	2	2	–	2	3	–	3
Finance	–	–	–	–	–	–	–	–	–
Spatial/town planning	–	–	–	–	–	–	–	–	–
Information Technology	–	–	–	–	–	–	–	–	–
Roads	1	–	1	1	–	1	1	–	1
Electricity	–	–	–	–	–	–	–	–	–
Water	1	–	1	1	–	1	2	–	2
Sanitation	–	–	–	–	–	–	–	–	–
Refuse	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Clerks (Clerical and administrative)	64	53	11	64	53	11	65	55	10
Service and sales workers	–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers	–	–	–	–	–	–	–	–	–
Craft and related trades	–	–	–	–	–	–	–	–	–
Plant and Machine Operators	–	–	–	–	–	–	–	–	–
Elementary Occupations	–	–	–	–	–	–	–	–	–
<b>TOTAL PERSONNEL NUMBERS</b>	<b>222</b>	<b>188</b>	<b>34</b>	<b>235</b>	<b>201</b>	<b>34</b>	<b>238</b>	<b>204</b>	<b>34</b>
<b>% increase</b>				5.9%	6.9%	–	1.3%	1.5%	–
<b>Total municipal employees headcount</b>				<b>201</b>	<b>179</b>	<b>22</b>	<b>198</b>	<b>18</b>	<b>180</b>
Finance personnel headcount	31	25	6	30	25	5	34	31	3
Human Resources personnel headcount	2	2	–	2	2	–	2	2	–

## 2.9 Monthly targets for revenue, expenditure and cash flow

### Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

NC072 Umsobomvu - Supporting Table SA25 Budgeted monthly revenue and expenditure															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>															
Property rates	246	524	485	293	312	545	393	380	367	354	341	790	5,031	5,333	5,653
Property rates - penalties & collection charges	13	-	-	-	-	-	-	-	-	-	-	156	169	179	189
Service charges - electricity revenue	3,000	3,000	2,500	1,626	2,064	2,064	2,064	2,064	2,064	2,064	2,064	3,178	27,753	29,696	31,997
Service charges - water revenue	400	400	812	812	1,030	1,030	1,030	1,030	1,030	812	869	675	9,931	10,527	11,159
Service charges - sanitation revenue	618	618	618	618	618	618	618	618	618	618	618	618	7,418	7,863	8,335
Service charges - refuse revenue	459	459	459	459	459	459	459	459	459	459	459	675	5,726	6,069	6,434
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	4	4	3	5	11	1	4	4	3	5	11	342	396	418	441
Interest earned - external investments	26	26	26	26	26	26	26	26	26	26	26	26	312	312	312
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	1,427	1,427	1,517	1,742
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	131	131	131	131	131	131	131	131	131	131	131	131	1,575	1,654	1,736
Licences and permits	59	59	59	59	59	59	59	59	59	59	59	59	710	746	783
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	16,377	890	-	354	2,832	-	-	-	15,928	-	-	283	36,664	40,074	41,374
Other revenue	349	349	349	349	349	349	349	349	349	349	349	349	4,190	4,194	2,297
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and</b>	<b>21,682</b>	<b>6,461</b>	<b>5,442</b>	<b>4,733</b>	<b>7,892</b>	<b>5,284</b>	<b>5,134</b>	<b>5,121</b>	<b>21,035</b>	<b>4,879</b>	<b>4,928</b>	<b>8,710</b>	<b>101,301</b>	<b>108,581</b>	<b>112,451</b>
<b>Expenditure By Type</b>															
Employee related costs	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	39,057	42,876	46,730
Remuneration of councillors	245	245	245	245	245	245	245	245	245	245	245	245	2,945	3,092	3,246
Debt impairment	437	437	437	437	437	437	437	437	437	437	437	437	5,238	5,565	5,915
Depreciation & asset impairment	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	23,834	23,846	23,849
Finance charges	25	25	25	25	25	25	25	25	25	25	25	25	296	246	226
Bulk purchases	2,500	2,500	2,000	1,000	1,000	1,000	1,000	1,000	1,000	1,556	1,556	2,558	18,670	20,139	21,725
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	380	380	380	380	380	380	380	380	380	380	380	380	4,562	4,772	3,817
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	2,619	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,855	31,426	32,660	32,111
Loss on disposal of PPE	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
<b>Total Expenditure</b>	<b>11,447</b>	<b>11,423</b>	<b>10,923</b>	<b>9,923</b>	<b>9,923</b>	<b>9,923</b>	<b>9,923</b>	<b>9,923</b>	<b>9,923</b>	<b>10,479</b>	<b>10,479</b>	<b>11,741</b>	<b>126,029</b>	<b>133,197</b>	<b>137,621</b>
<b>Surplus/(Deficit)</b>	<b>10,236</b>	<b>(4,962)</b>	<b>(5,481)</b>	<b>(5,190)</b>	<b>(2,031)</b>	<b>(4,639)</b>	<b>(4,789)</b>	<b>(4,802)</b>	<b>11,112</b>	<b>(5,600)</b>	<b>(5,551)</b>	<b>(3,031)</b>	<b>(24,728)</b>	<b>(24,616)</b>	<b>(25,170)</b>
Transfers recognised - capital	13,539	-	3,797	8,833	2,912	-	1,971	3,797	5,330	2,912	-	0	43,091	45,753	34,343
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>23,775</b>	<b>(4,962)</b>	<b>(1,683)</b>	<b>3,643</b>	<b>881</b>	<b>(4,639)</b>	<b>(2,819)</b>	<b>(1,004)</b>	<b>16,441</b>	<b>(2,688)</b>	<b>(5,551)</b>	<b>(3,030)</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>23,775</b>	<b>(4,962)</b>	<b>(1,683)</b>	<b>3,643</b>	<b>881</b>	<b>(4,639)</b>	<b>(2,819)</b>	<b>(1,004)</b>	<b>16,441</b>	<b>(2,688)</b>	<b>(5,551)</b>	<b>(3,030)</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>

**Table 37 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

NC072 Umsobomvu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>															
Vote 1 - EXECUTIVE & COUNCIL	12,937		-		2,832	-			15,928			685	32,382	34,906	35,718
Vote 2 - FINANCE & ADMIN	3,608	1,763	834	642	661	895	742	729	716	703	690	779	12,763	13,283	14,240
Vote 3 - COMMUNITY SERVICES	220	221	219	222	935	217	220	221	219	222	227	6,052	9,194	10,357	11,126
Vote 4 - TECHNICAL SERVICES	18,016	6,448	8,187	11,845	7,083	4,172	4,172	7,969	9,501	6,866	4,351	1,443	90,052	95,788	85,711
Vote 5 - [NAME OF VOTE 5]													-	-	-
Vote 6 - [NAME OF VOTE 6]													-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-
<b>Total Revenue by Vote</b>	<b>34,781</b>	<b>8,432</b>	<b>9,240</b>	<b>12,709</b>	<b>11,512</b>	<b>5,284</b>	<b>5,134</b>	<b>8,919</b>	<b>26,364</b>	<b>7,791</b>	<b>5,269</b>	<b>8,958</b>	<b>144,391</b>	<b>154,335</b>	<b>146,794</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - EXECUTIVE & COUNCIL												19,628	19,628	20,761	21,967
Vote 2 - FINANCE & ADMIN												26,487	26,487	27,699	26,229
Vote 3 - COMMUNITY SERVICES												13,573	13,573	15,129	16,324
Vote 4 - TECHNICAL SERVICES												66,341	66,341	69,608	73,101
Vote 5 - [NAME OF VOTE 5]													-	-	-
Vote 6 - [NAME OF VOTE 6]													-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-
<b>Total Expenditure by Vote</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,029</b>	<b>126,029</b>	<b>133,197</b>	<b>137,621</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>34,781</b>	<b>8,432</b>	<b>9,240</b>	<b>12,709</b>	<b>11,512</b>	<b>5,284</b>	<b>5,134</b>	<b>8,919</b>	<b>26,364</b>	<b>7,791</b>	<b>5,269</b>	<b>(117,070)</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
<b>Surplus/(Deficit)</b>	<b>34,781</b>	<b>8,432</b>	<b>9,240</b>	<b>12,709</b>	<b>11,512</b>	<b>5,284</b>	<b>5,134</b>	<b>8,919</b>	<b>26,364</b>	<b>7,791</b>	<b>5,269</b>	<b>(117,070)</b>	<b>18,363</b>	<b>21,137</b>	<b>9,173</b>

**Table 38 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

NC072 Umsobomvu - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>															
<b>Governance and administration</b>	16,564	1,763	834	642	3,493	895	742	729	16,644	703	690	1,047	44,747	47,767	49,510
Executive and council	12,937	-	-	-	2,832	-	-	-	15,928	-	-	685	32,382	34,906	35,718
Budget and treasury office	3,608	1,763	834	642	661	895	742	729	716	703	690	361	12,345	12,840	13,770
Corporate services	19	-	-	-	-	-	-	-	-	-	-	0	19	20	21
<b>Community and public safety</b>	190	190	190	190	190	190	190	190	190	190	190	1,602	3,697	4,530	4,949
Community and social services	-	-	-	-	-	-	-	-	-	-	-	1,414	1,414	2,133	2,432
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	190	190	190	190	190	190	190	190	190	190	190	188	2,283	2,397	2,517
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	1,005	5	5	5	5	5	5	5	5	5	5	5	1,060	60	60
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	1,005	5	5	5	5	5	5	5	5	5	5	5	1,060	60	60
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	18,016	4,477	7,443	14,845	7,083	4,172	6,142	7,969	9,501	6,866	4,010	4,363	94,888	101,977	92,275
Electricity	3,000	3,000	2,500	1,626	4,664	2,064	2,064	2,064	2,064	2,064	2,064	2,656	29,831	35,315	35,659
Water	13,939	400	3,865	12,142	1,342	1,030	3,001	4,827	6,360	3,724	869	0	51,499	52,291	41,383
Waste water management	618	618	618	618	618	618	618	618	618	618	618	862	7,662	8,122	8,609
Waste management	459	459	459	459	459	459	459	459	459	459	459	845	5,896	6,250	6,625
<b>Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	35,776	6,436	8,472	15,682	10,772	5,262	7,080	8,893	26,341	7,764	4,896	7,017	144,391	154,335	146,794
		9,436	10,972	17,308	18,268	7,326	9,144	10,958	44,333	9,828	6,960				
<b>Expenditure - Standard</b>															
<b>Governance and administration</b>	3,707	3,707	3,707	3,707	3,707	3,707	3,707	3,707	3,707	3,707	3,707	3,707	44,488	46,704	46,299
Executive and council	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	19,628	20,761	21,967
Budget and treasury office	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	19,315	19,923	17,793
Corporate services	462	462	462	462	462	462	462	462	462	462	462	462	5,544	6,020	6,539
<b>Community and public safety</b>	739	715	715	715	715	715	715	715	715	715	715	974	8,864	10,203	11,177
Community and social services	379	355	355	355	355	355	355	355	355	355	355	614	4,543	5,549	6,160
Sport and recreation	111	111	111	111	111	111	111	111	111	111	111	111	1,338	1,461	1,596
Public safety	209	209	209	209	209	209	209	209	209	209	209	209	2,511	2,693	2,893
Housing	39	39	39	39	39	39	39	39	39	39	39	39	473	500	528
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	926	926	926	926	926	926	926	926	926	926	926	926	11,111	11,337	11,876
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	926	926	926	926	926	926	926	926	926	926	926	926	11,111	11,337	11,876
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	61,566	64,953	68,269
Electricity	2,059	2,059	2,059	2,059	2,059	2,059	2,059	2,059	2,059	2,059	2,059	2,059	24,705	26,411	28,232
Water	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	21,289	21,871	22,497
Waste water management	770	770	770	770	770	770	770	770	770	770	770	770	9,236	9,989	10,497
Waste management	528	528	528	528	528	528	528	528	528	528	528	528	6,336	6,682	7,044
<b>Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	10,502	10,479	10,479	10,479	10,479	10,479	10,479	10,479	10,479	10,479	10,479	10,738	126,029	133,197	137,621
<b>Surplus/(Deficit) before assoc.</b>	25,273	(4,043)	(2,007)	5,204	294	(5,217)	(3,399)	(1,585)	15,862	(2,715)	(5,583)	(3,721)	18,363	21,137	9,173
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	25,273	(4,043)	(2,007)	5,204	294	(5,217)	(3,399)	(1,585)	15,862	(2,715)	(5,583)	(3,721)	18,363	21,137	9,173

**Table 39 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

NC072 Umsobomvu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Multi-year expenditure to be appropriated</b>															
Vote 1 - EXECUTIVE & COUNCIL													-	-	-
Vote 2 - FINANCE & ADMIN													-	-	-
Vote 3 - COMMUNITY SERVICES													-	-	-
Vote 4 - TECHNICAL SERVICES	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	31,500	35,000	-
Vote 5 - [NAME OF VOTE 5]													-	-	-
Vote 6 - [NAME OF VOTE 6]													-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>2,625</b>	<b>2,625</b>	<b>2,625</b>	<b>2,625</b>	<b>2,625</b>	<b>2,625</b>	<b>2,625</b>	<b>2,625</b>	<b>2,625</b>	<b>2,625</b>	<b>2,625</b>	<b>2,625</b>	<b>31,500</b>	<b>35,000</b>	<b>-</b>
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - EXECUTIVE & COUNCIL													-	-	-
Vote 2 - FINANCE & ADMIN								500	500	550			1,550	-	-
Vote 3 - COMMUNITY SERVICES													-	-	-
Vote 4 - TECHNICAL SERVICES	625	542	542	542	542	542	542	542	542	542	542	1,458	7,500	10,000	32,000
Vote 5 - [NAME OF VOTE 5]													-	-	-
Vote 6 - [NAME OF VOTE 6]													-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>625</b>	<b>542</b>	<b>542</b>	<b>542</b>	<b>542</b>	<b>542</b>	<b>542</b>	<b>1,042</b>	<b>1,042</b>	<b>1,092</b>	<b>542</b>	<b>1,458</b>	<b>9,050</b>	<b>10,000</b>	<b>32,000</b>
<b>Total Capital Expenditure</b>	<b>3,250</b>	<b>3,167</b>	<b>3,167</b>	<b>3,167</b>	<b>3,167</b>	<b>3,167</b>	<b>3,167</b>	<b>3,667</b>	<b>3,667</b>	<b>3,717</b>	<b>3,167</b>	<b>4,083</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>

**Table 40 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

NC072 Umsobomvu - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>															
<i>Governance and administration</i>	-	-	-	-	-	-	-	500	500	550	-	-	1,550	-	-
Executive and council													-	-	-
Budget and treasury office								500	500	550			1,550	-	-
Corporate services													-	-	-
<i>Community and public safety</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services													-	-	-
Sport and recreation													-	-	-
Public safety													-	-	-
Housing													-	-	-
Health													-	-	-
<i>Economic and environmental services</i>	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000	5,000	-
Planning and development													-	-	-
Road transport												6,000	6,000	5,000	-
Environmental protection													-	-	-
<i>Trading services</i>	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	33,000	40,000	32,000
Electricity	125	125	125	125	125	125	125	125	125	125	125	125	1,500	5,000	3,000
Water	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	31,500	35,000	29,000
Waste water management													-	-	-
Waste management													-	-	-
<i>Other</i>													-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>2,750</b>	<b>2,750</b>	<b>2,750</b>	<b>2,750</b>	<b>2,750</b>	<b>2,750</b>	<b>2,750</b>	<b>3,250</b>	<b>3,250</b>	<b>3,300</b>	<b>2,750</b>	<b>8,750</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>
<b>Funded by:</b>															
National Government	3,250	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	4,083	39,000	45,000	32,000
Provincial Government													-	-	-
District Municipality													-	-	-
Other transfers and grants													-	-	-
<b>Transfers recognised - capital</b>	<b>3,250</b>	<b>3,167</b>	<b>4,083</b>	<b>39,000</b>	<b>45,000</b>	<b>32,000</b>									
<b>Public contributions &amp; donations</b>													-	-	-
<b>Borrowing</b>													-	-	-
<b>Internally generated funds</b>									500	500	550		1,550		
<b>Total Capital Funding</b>	<b>3,250</b>	<b>3,167</b>	<b>3,667</b>	<b>3,667</b>	<b>3,717</b>	<b>4,083</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>						

**Table 41 MBRR SA30 - Budgeted monthly cash flow**

NC072 Umsobomvu - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash Receipts By Source</b>														1		
Property rates	246	524	485	293	312	545	393	380	367	354	341	790	5,031	5,333	5,653	
Property rates - penalties & collection charges	13	-	-	-	-	-	-	-	-	-	-	156	169	179	189	
Service charges - electricity revenue	3,000	3,000	2,500	1,626	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,068	26,643	29,696	31,997	
Service charges - water revenue	400	400	812	812	812	1,030	1,030	1,030	812	812	669	318	8,938	10,527	11,159	
Service charges - sanitation revenue	556	590	590	590	590	590	590	590	590	590	590	223	6,676	7,863	8,335	
Service charges - refuse revenue	429	438	438	438	438	438	438	438	438	438	438	343	5,153	6,069	6,434	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	4	4	3	5	11	1	4	4	3	5	11	342	396	418	441	
Interest earned - external investments	26	26	26	26	26	26	26	26	26	26	26	26	312	312	312	
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	1,427	1,427	1,517	1,742	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	131	131	131	131	131	131	131	131	131	131	131	131	1,575	1,654	1,736	
Licences and permits	59	59	59	59	59	59	59	59	59	59	59	59	710	746	783	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer receipts - operational	16,377	890	-	354	2,832	-	-	-	15,928	-	-	283	36,664	40,074	41,374	
Other revenue	349	349	349	349	349	349	349	349	349	349	349	349	4,190	4,194	2,297	
<b>Cash Receipts by Source</b>	<b>21,591</b>	<b>6,411</b>	<b>5,393</b>	<b>4,683</b>	<b>7,625</b>	<b>5,234</b>	<b>5,084</b>	<b>5,072</b>	<b>20,767</b>	<b>4,829</b>	<b>4,678</b>	<b>6,515</b>	<b>97,883</b>	<b>108,581</b>	<b>112,451</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	13,539	-	3,797	8,833	2,912	-	1,971	3,797	5,330	2,912	-	0	43,091	45,753	34,343	
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	(0)	(0)	(0)	-	
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cash Receipts by Source</b>	<b>35,130</b>	<b>6,411</b>	<b>9,190</b>	<b>13,516</b>	<b>10,537</b>	<b>5,234</b>	<b>7,055</b>	<b>8,869</b>	<b>26,097</b>	<b>7,741</b>	<b>4,678</b>	<b>6,516</b>	<b>140,974</b>	<b>154,334</b>	<b>146,794</b>	
<b>Cash Payments by Type</b>																
Employee related costs	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	1,001	36,803	39,141	46,730	
Remuneration of councillors	245	245	245	245	245	245	245	245	245	245	245	245	2,945	3,092	3,246	
Finance charges	437	437	437	437	437	437	437	437	437	437	437	(4,447)	354	339	5,915	
Bulk purchases - Electricity	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	(4,119)	17,729	19,148	23,849	
Bulk purchases - Water & Sewer	25	25	25	25	25	25	25	25	25	25	25	39	310	310	226	
Other materials	2,500	2,500	2,000	1,000	1,000	1,000	1,000	1,000	1,000	1,556	1,556	(16,112)	-	-	21,725	
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	712	755	-	
Transfers and grants - other municipalities	380	380	380	380	380	380	380	380	380	380	380	(4,182)	-	-	3,817	
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,595	2,878	31,426	32,660	32,111	
<b>Cash Payments by Type</b>	<b>11,423</b>	<b>11,423</b>	<b>10,923</b>	<b>9,923</b>	<b>9,923</b>	<b>9,923</b>	<b>9,923</b>	<b>9,923</b>	<b>9,923</b>	<b>10,479</b>	<b>10,479</b>	<b>(23,984)</b>	<b>90,279</b>	<b>95,444</b>	<b>137,620</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	2,750	2,750	2,750	2,750	2,750	2,750	2,750	3,250	3,250	3,300	2,750	16,098	47,898	45,000	32,000	
Repayment of borrowing	61	61	61	61	61	61	61	61	61	61	61	61	728	800	872	
Other Cash Flow s/Payments	-	-	-	-	-	-	-	-	-	-	-	1	1	1	-	
<b>Total Cash Payments by Type</b>	<b>14,234</b>	<b>14,234</b>	<b>13,734</b>	<b>12,734</b>	<b>12,734</b>	<b>12,734</b>	<b>12,734</b>	<b>13,234</b>	<b>13,234</b>	<b>13,839</b>	<b>13,289</b>	<b>(7,824)</b>	<b>138,906</b>	<b>141,246</b>	<b>170,492</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>20,896</b>	<b>(7,822)</b>	<b>(4,543)</b>	<b>783</b>	<b>(2,197)</b>	<b>(7,499)</b>	<b>(5,679)</b>	<b>(4,365)</b>	<b>12,863</b>	<b>(6,098)</b>	<b>(8,611)</b>	<b>14,340</b>	<b>2,068</b>	<b>13,089</b>	<b>(23,698)</b>	
Cash/cash equivalents at the month/year begin:	15,612	36,509	28,687	24,143	24,926	22,729	15,229	9,551	5,186	18,050	11,951	3,340	15,612	17,680	30,769	
Cash/cash equivalents at the month/year end:	36,509	28,687	24,143	24,926	22,729	15,229	9,551	5,186	18,050	11,951	3,340	17,680	17,680	30,769	7,071	

## **2.10 Annual budgets and SDBIPs – internal departments**

The SDBIP is attached

## **2.11 Contracts having future budgetary implications**

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

## **2.12 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 42 MBRR SA 34a - Capital expenditure on new assets by asset class**

NC072 Umsobomvu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>27,335</b>	<b>43,637</b>	<b>40,434</b>	<b>61,467</b>	<b>48,145</b>	<b>48,145</b>	<b>39,000</b>	<b>45,000</b>	<b>32,000</b>
Infrastructure - Road transport	-	-	-	1,000	5,100	5,100	6,000	5,000	-
<i>Roads, Pavements &amp; Bridges</i>				1,000	5,100	5,100	6,000	5,000	-
<i>Storm water</i>				-	-	-	-	-	-
Infrastructure - Electricity	1,858	2,398	3,125	2,600	2,920	2,920	1,500	5,000	3,000
<i>Generation</i>				-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>	1,858	2,398	3,125	2,600	2,600	2,600	1,500	5,000	3,000
<i>Street Lighting</i>				-	320	320	-	-	-
Infrastructure - Water	63	27,806	28,861	57,867	38,625	38,625	31,500	35,000	29,000
<i>Dams &amp; Reservoirs</i>				-	-	-	-	-	-
<i>Water purification</i>	63	27,806	28,861	57,867	38,625	38,625	31,500	35,000	29,000
<i>Reticulation</i>				-	-	-	-	-	-
Infrastructure - Sanitation	25,414	13,433	8,448	-	1,500	1,500	-	-	-
<i>Reticulation</i>				-	-	-	-	-	-
<i>Sewerage purification</i>	25,414	13,433	8,448	-	1,500	1,500	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
<i>Waste Management</i>				-	-	-	-	-	-
<i>Transportation</i>				-	-	-	-	-	-
<i>Gas</i>				-	-	-	-	-	-
<i>Other</i>				-	-	-	-	-	-
<b>Community</b>	<b>-</b>	<b>365</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Parks & gardens									
Sportsfields & stadia		365	49						
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings									
Other									
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development									
Other									
<b>Other assets</b>	<b>-</b>	<b>867</b>	<b>3,957</b>	<b>-</b>	<b>8,647</b>	<b>8,647</b>	<b>-</b>	<b>-</b>	<b>-</b>
General vehicles		532	1,742	-	1,647	1,647	-	-	-
Specialised vehicles			1,712	-	-	-	-	-	-
Plant & equipment				-	2,000	2,000	-	-	-
Computers - hardware/equipment		149	393	-	-	-	-	-	-
Furniture and other office equipment		139	109	-	-	-	-	-	-
Abattoirs				-	-	-	-	-	-
Markets				-	-	-	-	-	-
Civic Land and Buildings				-	5,000	5,000	-	-	-
Other Buildings				-	-	-	-	-	-
Other Land		47		-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)				-	-	-	-	-	-
Other				-	-	-	-	-	-
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class									
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class									
<b>Intangibles</b>	<b>4</b>	<b>91</b>	<b>8</b>	<b>1,550</b>	<b>-</b>	<b>-</b>	<b>1,550</b>	<b>-</b>	<b>-</b>
Computers - software & programming				-	-	-	-	-	-
Other (list sub-class)	4	91	8	1,550	-	-	1,550	-	-
<b>Total Capital Expenditure on new assets</b>	<b>27,339</b>	<b>44,960</b>	<b>44,448</b>	<b>63,017</b>	<b>56,792</b>	<b>56,792</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>
<b>Specialised vehicles</b>	<b>-</b>	<b>-</b>	<b>1,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Refuse			1,712						
Fire									
Conservancy									
Ambulances									

**Table 43 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

## NC072 Umsobomvu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	5,000	8,000	-	-	-	-	-
Infrastructure - Road transport	-	-	-	3,500	-	-	-	-	-
Roads, Pavements & Bridges				3,500					
Storm water									
Infrastructure - Electricity	-	-	5,000	4,500	-	-	-	-	-
Generation									
Transmission & Reticulation									
Street Lighting			5,000	4,500	-	-			
<b>Total Capital Expenditure on renewal of existing</b>	-	-	5,000	8,000	-	-	-	-	-
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									
<b>Renewal of Existing Assets as % of total capex</b>	0.0%	0.0%	10.1%	11.3%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>	0.0%	0.0%	17.8%	29.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Table 44 MBRR SA34c - Repairs and maintenance expenditure by asset class****NC072 Umsobomvu - Supporting Table SA34c Repairs and maintenance expenditure by asset class**

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>834</b>	<b>1,472</b>	<b>1,181</b>	<b>1,199</b>	<b>1,141</b>	<b>1,141</b>	<b>1,034</b>	<b>1,074</b>	<b>1,074</b>
Infrastructure - Road transport	194	524	230	230	10	10	26	26	26
<i>Roads, Pavements &amp; Bridges</i>	194	524	230	230	10	10	26	26	26
<i>Storm water</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	390	522	601	601	541	541	621	641	641
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>	359	443	421	421	361	361	421	421	421
<i>Street Lighting</i>	31	79	180	180	180	180	200	220	220
Infrastructure - Water	250	425	300	318	500	500	337	357	357
<i>Dams &amp; Reservoirs</i>	-	-	-	-	-	-	-	-	-
<i>Water purification</i>	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>	250	425	300	318	500	500	337	357	357
Infrastructure - Sanitation	-	-	50	50	90	90	50	50	50
<i>Reticulation</i>	-	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>	-	-	50	50	90	90	50	50	50
<b>Community</b>	<b>6</b>	<b>3</b>	<b>25</b>	<b>25</b>	<b>95</b>	<b>95</b>	<b>199</b>	<b>199</b>	<b>199</b>
Parks & gardens	2	3	5	5	15	15	5	5	5
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	4	-	20	20	80	80	194	194	194
Security and policing	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	<b>1,555</b>	<b>933</b>	<b>902</b>	<b>998</b>	<b>931</b>	<b>931</b>	<b>1,236</b>	<b>1,278</b>	<b>1,278</b>
General vehicles	696	541	583	583	641	641	817	854	854
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	450	158	129	200	242	242	353	358	358
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	33	14	45	45	45	45	59	60	60
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	370	206	139	164	-	-	-	-	-
Other Land	6	14	8	8	3	3	8	8	8
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>2,395</b>	<b>2,408</b>	<b>2,108</b>	<b>2,222</b>	<b>2,167</b>	<b>2,167</b>	<b>2,469</b>	<b>2,551</b>	<b>2,551</b>
<b>R&amp;M as a % of PPE</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>2.5%</b>	<b>2.3%</b>	<b>1.6%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>1.9%</b>

**Table 6 MBRR SA34d – Depreciation by asset class**

## NC072 Umsobomvu - Supporting Table SA34d Depreciation by asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>Depreciation by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>24,682</b>	<b>25,999</b>	<b>25,453</b>	<b>18,570</b>	<b>18,591</b>	<b>18,591</b>	<b>18,576</b>	<b>18,576</b>	<b>18,576</b>
Infrastructure - Road transport	6,398	7,707	7,544	-	-	-	-	-	-
<i>Roads, Pavements &amp; Bridges</i>	6,398	7,707	7,544						
<i>Storm water</i>									
Infrastructure - Electricity	2,842	2,844	2,784	2,785	2,785	2,785	2,785	2,785	2,785
<i>Generation</i>				-					
<i>Transmission &amp; Reticulation</i>	2,842	2,844	2,784	2,785	2,785	2,785	2,785	2,785	2,785
<i>Street Lighting</i>				-					
Infrastructure - Water	12,611	12,617	12,352	12,351	12,351	12,351	12,351	12,351	12,351
<i>Dams &amp; Reservoirs</i>									
<i>Water purification</i>									
<i>Reticulation</i>	12,611	12,617	12,352	12,351	12,351	12,351	12,351	12,351	12,351
Infrastructure - Sanitation	2,551	2,552	2,498	2,824	2,843	2,843	2,828	2,828	2,828
<i>Reticulation</i>	2,551	2,552	2,498	2,824	2,843	2,843	2,828	2,828	2,828
<i>Sewerage purification</i>									
Infrastructure - Other	280	280	274	610	612	612	612	612	612
<i>Waste Management</i>	280	280	274	610	612	612	612	612	612
<b>Community</b>	<b>553</b>	<b>554</b>	<b>542</b>	<b>3,800</b>	<b>3,800</b>	<b>3,800</b>	<b>2</b>	<b>3</b>	<b>3</b>
Cemeteries	553	554	542	3,800	3,800	3,800	2	3	3
Social rental housing				-					
Other				-					
<b>Other assets</b>	<b>1,392</b>	<b>1,393</b>	<b>1,363</b>	<b>5,217</b>	<b>5,179</b>	<b>5,179</b>	<b>5,256</b>	<b>5,267</b>	<b>5,271</b>
General vehicles	543	543	532						
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	152	153	149						
Computers - hardware/equipment	142	142	139						
Furniture and other office equipment	48	48	47						
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	237	237	232	4,340	4,302	4,302	4,379	4,390	4,394
Other Land	269	269	264						
Surplus Assets - (Investment or Inventory)									
Other	1	1	1	877	877	877	877	877	877
<b>Intangibles</b>	<b>93</b>	<b>93</b>	<b>91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming	93	93	91						
Other (list sub-class)									
<b>Total Depreciation</b>	<b>26,721</b>	<b>28,039</b>	<b>27,449</b>	<b>27,587</b>	<b>27,570</b>	<b>27,570</b>	<b>23,834</b>	<b>23,846</b>	<b>23,849</b>
<b>Specialised vehicles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Refuse									
Fire									
Conservancy									
Ambulances									

**Table 8 MBRR SA35 – Future financial implications of capital budget****NC072 Umsobomvu - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
<b>R thousand</b>							
<b>Capital expenditure</b>							
Vote 1 - EXECUTIVE & COUNCIL	-	-	-				
Vote 2 - FINANCE & ADMIN	1,550	-	-				
Vote 3 - COMMUNITY SERVICES	-	-	-				
Vote 4 - TECHNICAL SERVICES	39,000	45,000	32,000				
<b>Total Capital Expenditure</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>	-	-	-	-
<b>Future operational costs by vote</b>							
Vote 1 - EXECUTIVE & COUNCIL							
Vote 2 - FINANCE & ADMIN							
Vote 3 - COMMUNITY SERVICES							
Vote 4 - TECHNICAL SERVICES							
<b>Total future operational costs</b>	-	-	-	-	-	-	-
<b>Net Financial Implications</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>	-	-	-	-

**Table 45 MBRR SA36 - Detailed capital budget per municipal vote**

NC072 Umsobomvu - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
<b>Parent municipality:</b>															
<i>List all capital projects grouped by Municipal Vote</i>															
<b>Various</b>															
Electricity -	Electrification	EL 2.2.1	f	Yes	Infrastructure - Electricity	Reticulation	30 42' 00"S - 25 07' 10"E	3,300	2,600	1,500	5,000	3,000			
Electricity -	Energy Dema	E1.3	f	Yes	Infrastructure - Electricity	Transmission & Reticulation		5,000	4,500						
Water	Bulk Water s	W1.3	c	Yes	Infrastructure - Water	Water purification	31 21' 00"E - 24 56' 00"	25,500	24,750	1,500					
Water	Abstraction O	WB1.3	c	Yes	Infrastructure - Water	Water purification		3,000	13,875						
Sanitation	Upgrading of	W1		Yes	Infrastructure - Sanitation	Sewerage purification		6,275	-						
Water	Noupoort Bul	wb1.4	c	Yes	Infrastructure - Water	Water purification		1,500	19,242	30,000	25,000				
Water	Upgrading of	WB 1.3.4	1	Yes	Infrastructure - Water	Water purification					10,000	29,000			
Roads	Stormwater d	RS1	a	Yes	Infrastructure - Road transport	Storm water		1,000	1,000						
Roads Noupoort	Roads Netw	RS3	a	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		2,500	3,500	1,000					
Roads	Ring Road Ke	PW 1.1	2	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				5,000	5,000				
Solar Geyser Project	Electricity	el	f	Yes	Other	Other		15,000							
Bulk Water to be specified	Bulk Water		c	Yes	Infrastructure - Water	Dams & Reservoirs									
Solid Waste	2 New Refus	RPPE1.1		Yes	Infrastructure - Other	Specialised vehicles - Refuse		1,972							
Sanitation	Vacuum Truc	SPPE1.1		Yes	Infrastructure - Sanitation	General vehicles		1,958							
Public Roads	Compactor	PWPPE1.2		Yes	Other Assets	Plant & equipment		444							
Housing	100 Houses M	H2		Yes	Other	Other		131							
Finance	Municipal Fin	F1 IT1		Yes	Intangibles	Computers - software & programming				1,550					
<b>Parent Capital expenditure</b>									<b>67,579</b>	<b>69,467</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>		
<b>Total Capital expenditure</b>									<b>67,579</b>	<b>69,467</b>	<b>40,550</b>	<b>45,000</b>	<b>32,000</b>		

**Table 46 MBRR SA37 - Projects delayed from previous financial year**

None

## 2.13 Legislation compliance status

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

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns 3 has been appointed permanently from May 2011. The remaining four have completed their two year contract on 5 August 2012, and extension for one year has been granted by National Treasury.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/2015 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

### 2.1.4 Other supporting documents

NC072 Umsobomvu - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>REVENUE ITEMS:</b>									
<b>Property rates</b>									
Total Property Rates	3,812	4,146	4,735	4,446	4,861	4,861	5,152	5,462	5,789
less Revenue Foregone					115	115	122	129	137
<b>Net Property Rates</b>	<b>3,812</b>	<b>4,146</b>	<b>4,735</b>	<b>4,446</b>	<b>4,746</b>	<b>4,746</b>	<b>5,031</b>	<b>5,333</b>	<b>5,653</b>
<b>Service charges - electricity revenue</b>									
Total Service charges - electricity revenue	13,963	16,680	20,205	21,060	25,758	25,758	27,753	29,696	31,997
less Revenue Foregone									
<b>Net Service charges - electricity revenue</b>	<b>13,963</b>	<b>16,680</b>	<b>20,205</b>	<b>21,060</b>	<b>25,758</b>	<b>25,758</b>	<b>27,753</b>	<b>29,696</b>	<b>31,997</b>
<b>Service charges - water revenue</b>									
Total Service charges - water revenue	7,351	8,117	9,686	9,180	9,180	9,180	9,931	10,527	11,159
less Revenue Foregone									
<b>Net Service charges - water revenue</b>	<b>7,351</b>	<b>8,117</b>	<b>9,686</b>	<b>9,180</b>	<b>9,180</b>	<b>9,180</b>	<b>9,931</b>	<b>10,527</b>	<b>11,159</b>
<b>Service charges - sanitation revenue</b>									
Total Service charges - sanitation revenue	4,835	5,506	6,143	6,804	6,935	6,935	7,418	7,863	8,335
less Revenue Foregone									
<b>Net Service charges - sanitation revenue</b>	<b>4,835</b>	<b>5,506</b>	<b>6,143</b>	<b>6,804</b>	<b>6,935</b>	<b>6,935</b>	<b>7,418</b>	<b>7,863</b>	<b>8,335</b>
<b>Service charges - refuse revenue</b>									
Total refuse removal revenue	3,929	4,478	4,934	5,198	5,422	5,422	5,726	6,069	6,434
Total landfill revenue									
less Revenue Foregone	-	-	-	-	-	-	-	-	-
<b>Net Service charges - refuse revenue</b>	<b>3,929</b>	<b>4,478</b>	<b>4,934</b>	<b>5,198</b>	<b>5,422</b>	<b>5,422</b>	<b>5,726</b>	<b>6,069</b>	<b>6,434</b>
<b>Other Revenue by source</b>									
ACCRUALS : ADVERTISING BOARDS					8	8	9	10	10
CHEQUE ADMIN COST					1	1	1	1	1
Bloemwater Contribution									
BRICK OVEN					16	16	17	18	19
BUILDING PLANS					22	22	22	22	22
CEMETERY FEES COLESBERG					4	4	4	5	5
CEMETERY FEES KUYASA					8	8	8	9	9
CEMETERY FEES LOWRYVILLE					1	1	1	1	1
CEMETERY FEES NOUPOORT					8	8	8	9	9
CEMETRY NORVALSPONT									
COMMISSION ON INSURANCE					53	53	53	53	53
ACCRUALS : DUMPING FEES									
REGISTRATION OF GUEST HOUSE					3	3	2	2	2
ACCRUALS : OLD DEBT SERVICES									
FIRE CONTROL									
CERTIF ACCEPTABILITY					4	4	4	4	4
ACCRUALS : ENCROACHMENTS					0	0	0	0	0
ACCRUALS : SCHEME A1856/6/8									
ACCRUALS : SUNDRY INCOME					133	133	133	134	135
CHEMICALS									
POUND					2	2	2	2	2
SUNDRY INCOME					103	103			
SURPLUS CASH					-	-	-	-	-
TESTING OF METERS									
CHARGE OUT - COUNCIL EXPENSES									
PHOTOCOPIES					2	2	2	2	2
RE-ZONE & DIVISIONS					10	10	11	11	12
SAND, GRAVEL & SOIL					9	9	9	9	9
TENDER DOCUMENTS					2	2	2	2	2
VAT Income						3,902	3,902	3,902	2,000
Other Gains On Continued Operations	4,140	6,948	10,067	4,289					
INTERDEPARTMENTAL CHARGES									
<b>Total 'Other' Revenue</b>	<b>4,140</b>	<b>6,948</b>	<b>10,067</b>	<b>4,289</b>	<b>4,289</b>	<b>4,289</b>	<b>4,190</b>	<b>4,194</b>	<b>2,297</b>

<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Basic Salaries and Wages	16,884	20,243	21,286	26,059	22,539	22,539	25,968	28,635	31,230	
Pension and UIF Contributions	2,708	2,934	3,036	4,020	4,117	4,117	4,492	4,893	5,331	
Medical Aid Contributions	540	481	511	624	752	752	758	828	904	
Overtime	853	753	1,226	827	999	999	1,060	1,150	1,249	
Performance Bonus	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	853	572	724	367	362	362	401	437	476	
Cellphone Allowance	—	—	—	—	—	—	—	—	—	
Housing Allowances	56	48	45	16	10	10	11	12	13	
Other benefits and allowances	363	406	571	440	445	445	474	515	561	
Payments in lieu of leave	1,915	1,432	1,387	1,926	5,045	5,045	5,552	6,065	6,625	
Long service awards	—	—	—	—	—	—	—	—	—	
Post-retirement benefit obligations	868	339	1,356	341	341	341	341	341	341	
<b>sub-total</b>	<b>25,041</b>	<b>27,209</b>	<b>30,143</b>	<b>34,620</b>	<b>34,610</b>	<b>34,610</b>	<b>39,057</b>	<b>42,876</b>	<b>46,730</b>	
<b>Less: Employees costs capitalised to PPE</b>										
<b>Total Employee related costs</b>	<b>25,041</b>	<b>27,209</b>	<b>30,143</b>	<b>34,620</b>	<b>34,610</b>	<b>34,610</b>	<b>39,057</b>	<b>42,876</b>	<b>46,730</b>	
<b>Contributions recognised - capital</b>										
<i>List contributions by contract</i>										
<b>Total Contributions recognised - capital</b>										
<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment	26,721	28,039	28,037	27,587	27,588	27,588	23,834	23,846	23,849	
Lease amortisation	—	—	—	—	—	—	—	—	—	
Capital asset impairment	—	—	—	—	—	—	—	—	—	
Depreciation resulting from revaluation of PPE	—	—	—	—	—	—	—	—	—	
<b>Total Depreciation &amp; asset impairment</b>	<b>26,721</b>	<b>28,039</b>	<b>28,037</b>	<b>27,587</b>	<b>27,588</b>	<b>27,588</b>	<b>23,834</b>	<b>23,846</b>	<b>23,849</b>	
<b>Bulk purchases</b>										
Electricity Bulk Purchases	10,811	13,845	15,538	16,726	17,310	17,310	18,360	19,829	21,415	
Water Bulk Purchases	200	255	218	—	—	—	310	310	310	
<b>Total bulk purchases</b>	<b>11,011</b>	<b>14,101</b>	<b>15,756</b>	<b>16,726</b>	<b>17,310</b>	<b>17,310</b>	<b>18,670</b>	<b>20,139</b>	<b>21,725</b>	
<b>Transfers and grants</b>										
Cash transfers and grants	—	—	—	—	—	—	—	—	—	
Non-cash transfers and grants	—	—	—	—	—	—	—	—	—	
<b>Total transfers and grants</b>	<b>—</b>									
<b>Contracted services</b>										
<b>ALLOCATIONS TO ORGANS OF STATE</b>										
IT SERVICES	4,405	3,590	2,485	672	672	672	4,562	4,772	3,817	
JOB CREATION	—	—	—	—	—	—	—	—	—	
LEGAL SERVICES	—	—	—	—	—	—	—	—	—	
METER READING	—	—	—	—	—	—	—	—	—	
PRE-PAID VENDING MANAGEMENT	—	—	—	—	—	—	—	—	—	
PROFESSIONAL FEES	—	—	—	—	—	—	—	—	—	
SECURITY SERVICES	—	—	—	—	—	—	—	—	—	
SEWERAGE PURIFICATION	—	—	—	—	—	—	—	—	—	
WATER PURIFICATION	—	—	—	—	—	—	—	—	—	
OTHER CONTRACTED SERVICES	—	—	—	—	—	—	—	—	—	
<b>sub-total</b>	<b>4,405</b>	<b>3,590</b>	<b>2,485</b>	<b>672</b>	<b>672</b>	<b>672</b>	<b>4,562</b>	<b>4,772</b>	<b>3,817</b>	
<b>Allocations to organs of state:</b>										
Electricity	—	—	—	—	—	—	—	—	—	
Water	—	—	—	—	—	—	—	—	—	
Sanitation	—	—	—	—	—	—	—	—	—	
Other	—	—	—	—	—	—	—	—	—	
<b>Total contracted services</b>	<b>4,405</b>	<b>3,590</b>	<b>2,485</b>	<b>672</b>	<b>672</b>	<b>672</b>	<b>4,562</b>	<b>4,772</b>	<b>3,817</b>	

<b>Other Expenditure By Type</b>									
Collection costs	–	–		50	50	50	50	50	50
Contributions to 'other' provisions	–	–		–					
Consultant fees	2,303				3,420	3,420	4,275	3,775	1,625
Audit fees	1,637	2,003	1,700	1,728	2,000	2,000	2,500	2,650	2,809
General expenses									
Repairs and Maintenance	2,303	2,418	2,727	2,226	2,167	2,167	2,275	2,357	2,385
Advertising	35	95	183	127	140	140	148	157	167
Bank charges	191	238	234	254	254	254	270	286	303
Branding of the Municipality			1,084						
Chemicals and Poison	260	302	297	355	215	215	363	372	382
Cleaning	47	55	25	36	41	41	41	41	41
Consumer Debtors			2,887				3,085	3,291	3,511
Entertainment	30	97	58	27	27	27	27	28	28
Fuel and Oil	774	952	1,177	823	1,095	1,095	1,253	1,298	1,347
IDP Review			167				150	150	150
INDIGENT SUPPORT	6,552	6,626	5,949	8,239	8,000	8,000	8,560	9,159	9,800
Insurance	578	687	842	1,128	1,193	1,193	1,223	1,318	1,418
Lease Charges	216	177	252	411	325	325	341	358	376
Local Economic Development			540						
Legal Cost	432	99	612	285	285	285	285	285	285
Library	–	346	500	715	557	557	840	1,534	1,806
Licences	42	55	64	23	28	28	23	24	24
Material	113	79	67	92	76	76	94	96	97
Membership Fees	141	202	406	434	460	460	465	497	532
Other general expenses	2,143	3,864	19,192	6,856	6,856	6,856	1,127	1,136	1,151
Postage and Telegrams	164	135	160	153	272	272	159	166	173
Printing and Stationery	227	194	189	147	145	145	154	161	169
Project - Bulk Water Learnership	–	–		–	60	60	–	–	–
Project - Non Capital	831	4,831		2,590	3,410	3,410	690	420	420
Project - Solar Geyzer	–	59		–	5,600	5,600	–	–	–
Special Programs		564		607	1,601	1,601	601	601	601
Subscriptions	–	–		18	–	–	–	–	–
Subsistence and Travelling	929	1,300	1,512	1,350	1,202	1,202	1,268	1,271	1,275
Telephone Cost	752	776	627	648	648	648	729	749	758
Town Planning	–	4	1	80	80	80	5	5	5
Traffic	–	3,670	610	0	250	250	250	250	250
Training Cost	34	75	98	70	317	317	106	106	106
Uniforms and Protective Clothing	51	45	76	59	71	71	69	69	69
Ward Committee			204						
Youth Development	116	(2,914)		–					
<b>Total 'Other' Expenditure</b>	<b>20,902</b>	<b>27,035</b>	<b>42,439</b>	<b>29,530</b>	<b>40,843</b>	<b>40,843</b>	<b>31,426</b>	<b>32,660</b>	<b>32,111</b>
<b>Repairs and Maintenance</b>									
Employee related costs									
Other materials									
Contracted Services									
Other Expenditure	2,395	2,408	2,108	2,226	2,167	2,167	2,275	2,357	2,385
<b>Total Repairs and Maintenance Expenditure</b>	<b>2,395</b>	<b>2,408</b>	<b>2,108</b>	<b>2,226</b>	<b>2,167</b>	<b>2,167</b>	<b>2,275</b>	<b>2,357</b>	<b>2,385</b>

NC072 Umsobomvu - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Vote 1 - EXECUTIVE & COUNCIL	Vote 2 - FINANCE & ADMIN	Vote 3 - COMMUNITY SERVICES	Vote 4 - TECHNICAL SERVICES	Vote 5 - [NAME OF VOTE 5]	Vote 6 - [NAME OF VOTE 6]	Vote 7 - [NAME OF VOTE 7]	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
<b>R thousand</b>																
<b>Revenue By Source</b>																
Property rates		5,031														5,031
Property rates - penalties & collection charges		169														169
Service charges - electricity revenue				27,753												27,753
Service charges - water revenue				9,931												9,931
Service charges - sanitation revenue				7,418												7,418
Service charges - refuse revenue				5,726												5,726
Service charges - other																-
Rental of facilities and equipment		368		27												396
Interest earned - external investments		312														312
Interest earned - outstanding debtors		15		1,412												1,427
Dividends received																-
Fines			1,575													1,575
Licences and permits		2	991													993
Agency services			-													-
Other revenue		4,132	24	33												4,190
Transfers recognised - operational	32,382	2,734	708	557												36,381
Gains on disposal of PPE																-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>32,382</b>	<b>12,763</b>	<b>3,298</b>	<b>52,857</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,301</b>
<b>Expenditure By Type</b>																
Employee related costs	3,775	13,312	5,510	16,459												39,057
Remuneration of councillors	2,945															2,945
Debt impairment	4	623		4,611												5,238
Depreciation & asset impairment	351	526	2	22,965												23,834
Finance charges				296												296
Bulk purchases				18,670												18,670
Other materials																-
Contracted services		4,512	50	-												4,562
Transfers and grants																-
Other expenditure	12,554	7,514	1,675	9,684												31,426
Loss on disposal of PPE				1												1
<b>Total Expenditure</b>	<b>19,628</b>	<b>26,487</b>	<b>7,237</b>	<b>72,677</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,029</b>
<b>Surplus/(Deficit)</b>																
<b>Surplus/(Deficit)</b>	<b>12,754</b>	<b>(13,723)</b>	<b>(3,939)</b>	<b>(19,820)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,728)</b>
Transfers recognised - capital				43,091												43,091
Contributions recognised - capital																-
Contributed assets																-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>12,754</b>	<b>(13,723)</b>	<b>(3,939)</b>	<b>23,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,363</b>

Table 47 MBRR Table SA3 – Supporting detail to Statement of Financial Position

NC072 Umsobomvu - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Call investment deposits</b>									
Call deposits < 90 days	1,506	20,375		12,000	12,000	12,000	6,000	6,000	6,000
Other current investments > 90 days									
<b>Total Call investment deposits</b>	<b>1,506</b>	<b>20,375</b>	<b>-</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
<b>Consumer debtors</b>									
Consumer debtors	39,619	49,908	27,168	58,145	58,145	58,145	62,829	67,789	72,749
Less: Provision for debt impairment	(25,923)	(25,617)		(33,854)	(33,854)	(33,854)	(33,854)	(39,092)	(44,657)
<b>Total Consumer debtors</b>	<b>13,697</b>	<b>24,291</b>	<b>27,168</b>	<b>24,291</b>	<b>24,291</b>	<b>24,291</b>	<b>28,975</b>	<b>28,697</b>	<b>28,092</b>
<b>Debt impairment provision</b>									
Balance at the beginning of the year				29,461	29,461	29,461	33,854	39,092	44,657
Contributions to the provision				4,393	4,393	4,393	5,238	5,565	5,915
Bad debts written off				-	-	-	-	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,854</b>	<b>33,854</b>	<b>33,854</b>	<b>39,092</b>	<b>44,657</b>	<b>50,572</b>
<b>Property, plant and equipment (PPE)</b>									
PPE at cost/valuation (excl. finance leases)	851,280	816,463	480,928	952,559	952,559	952,559	1,000,457	1,047,935	1,079,935
Leases recognised as PPE							28,933		
Less: Accumulated depreciation	403,622	350,450		405,938	405,938	405,938	429,772	453,618	477,467
<b>Total Property, plant and equipment (PPE)</b>	<b>447,659</b>	<b>466,013</b>	<b>480,928</b>	<b>546,621</b>	<b>546,621</b>	<b>546,621</b>	<b>599,618</b>	<b>594,317</b>	<b>602,468</b>
<b>LIABILITIES</b>									
<b>Current liabilities - Borrowing</b>									
Short term loans (other than bank overdraft)				-	-	-	-	-	-
Current portion of long-term liabilities	1,331	252	864	728	728	728	800	800	800
<b>Total Current liabilities - Borrowing</b>	<b>1,331</b>	<b>252</b>	<b>864</b>	<b>728</b>	<b>728</b>	<b>728</b>	<b>800</b>	<b>800</b>	<b>800</b>
<b>Trade and other payables</b>									
Trade and other creditors	6,031	12,873	18,110						
Unspent conditional transfers	8,481	29,359	24,002						
VAT		605							
<b>Total Trade and other payables</b>	<b>14,513</b>	<b>42,838</b>	<b>42,112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non current liabilities - Borrowing</b>									
Borrowing	546	295	3,699	3,646	3,646	3,646	3,585	2,857	2,057
Finance leases (including PPP asset element)									
<b>Total Non current liabilities - Borrowing</b>	<b>546</b>	<b>295</b>	<b>3,699</b>	<b>3,646</b>	<b>3,646</b>	<b>3,646</b>	<b>3,585</b>	<b>2,857</b>	<b>2,057</b>
<b>Provisions - non-current</b>									
Retirement benefits	6,781	6,981							
List other major provision items									
Cleaning Of Illegal Dumping	-	-							
Cleaning Of Alien Vegetation	-	-							
Long-Term Service	912	1,051							
Rehabilitation Of Land-Fill Sites	11,043	12,098	27,553				33,308	19,596	14,420
Other									
<b>Total Provisions - non-current</b>	<b>18,735</b>	<b>20,129</b>	<b>27,553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,308</b>	<b>19,596</b>	<b>14,420</b>
<b>CHANGES IN NET ASSETS</b>									
<b>Accumulated Surplus/(Deficit)</b>									
Accumulated Surplus/(Deficit) - opening balance					(36,137)	(36,137)	581,743	633,628	629,006
GRAP adjustments									
Restated balance	-	-	-	-	(36,137)	(36,137)	581,743	633,628	629,006
Surplus/(Deficit)	2,924	24,754	18,352	30,831	36,137	36,137	18,363	21,137	9,173
Appropriations to Reserves	-	-	-				28,266	(28,933)	
Transfers from Reserves	-	-	-						
Depreciation offsets	430,691	433,615	458,051	550,912	550,912	550,912	(4,730)	(369)	
Other adjustments	-	-	-				9,986	3,543	(5,392)
<b>Accumulated Surplus/(Deficit)</b>	<b>433,615</b>	<b>458,368</b>	<b>476,403</b>	<b>581,743</b>	<b>581,743</b>	<b>581,743</b>	<b>633,628</b>	<b>629,006</b>	<b>632,787</b>
<b>Reserves</b>									
Housing Development Fund									
Capital replacement	193	193							
Self-insurance									
Other reserves									
Revaluation									
<b>Total Reserves</b>	<b>193</b>	<b>193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>433,808</b>	<b>458,561</b>	<b>476,403</b>	<b>581,743</b>	<b>581,743</b>	<b>581,743</b>	<b>633,628</b>	<b>629,006</b>	<b>632,787</b>
<b>Total capital expenditure includes expenditure on nationally significant priorities:</b>									
Provision of basic services									

**Table 48 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

NC072 Umsobomvu - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population			24	24	22	23	28	28	28	28	28	28
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
<b>Monthly household income (no. of households)</b>												
No income	1, 12			3,628	2,290	2,290	2,290	2,290	2,290	1,058	1,058	1,058
R1 - R1 600				1,321	1,860	1,860	1,860	1,860	1,860	2,498	2,498	2,498
R1 601 - R3 200				168	139	139	139	139	139	1,700	1,700	1,700
R3 201 - R6 400				105	168	168	168	168	168	1,133	1,133	1,133
R6 401 - R12 800				42	110	110	110	110	110	769	769	769
R12 801 - R25 600				12	90	90	90	90	90	420	420	420
R25 601 - R51 200				5	31	31	31	31	31	180	180	180
R52 201 - R102 400				5	11	11	11	11	11	49	49	49
R102 401 - R204 800				1	9	9	9	9	9	13	13	13
R204 801 - R409 600										20	20	20
R409 601 - R819 200												
> R819 200												
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13			4,949	4,151	4,151.00	4,151.00	4,151.00	4,151.00	3,556.00	3,556.00	3,556.00
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area			25,389	23,641	21,992	22	23,636	23,636	23,636	23,636	23,636	23,636
Number of poor people in municipal area				22,271			10,347	10,347	10,347	10,347	10,347	10,347
Number of households in municipal area				5,563	5,563	6	6	6	6	6	6	6
Number of poor households in municipal area				4,949	4,151	4	3	3	3	3	3	3
Definition of poor household (R per month)				600	1,600	1,800	1,800	1,800	1,800	1,800	1,800	1,800
<b>Housing statistics</b>												
Formal	3							4,723	4,973	4,973	4,973	4,973
Informal				968	840	840	840	840	590	590	590	590
<b>Total number of households</b>				-	968	840	840	5,563	5,563	5,563	5,563	5,563
Dwellings provided by municipality	4											
Dwellings provided by provincial/s								1,000	250	250	250	250
Dwellings provided by private sector	5											
<b>Total new housing dwellings</b>				-	-	-	-	1,000	250	250	250	250
<b>Economic</b>												
Inflation/inflation outlook (CPIX)	6							10.0%	10.0%	10.0%	10.0%	10.0%
Interest rate - borrowing								3.0%	8.0%	8.0%	8.0%	8.0%
Interest rate - investment								6.0%	6.0%	6.0%	6.0%	6.0%
Remuneration increases								-2.0%	6.0%	6.0%	6.0%	6.0%
Consumption growth (electricity)								5.0%	7.0%	7.0%	7.0%	7.0%
Consumption growth (water)									7.0%	7.0%	7.0%	7.0%
<b>Collection rates</b>												
Property tax/service charges	7						80.0%	90.0%	87.0%	87.0%	87.0%	87.0%
Rental of facilities & equipment							100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments							100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors							20.0%	20.0%	80.0%	80.0%	80.0%	80.0%
Revenue from agency services												

## Detail on the provision of municipal services for A10

Total municipal services	Ref.	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
		<b>Household service targets (000)</b>									
		<b>Water:</b>									
		Piped water inside dwelling	2,826	2,976	4,399	4,799	4,799	4,799	5,049	5,299	5,299
		Piped water inside yard (but not in dwelling)	2,554	2,804	3,104	3,104	3,104	3,104	3,404	3,404	3,404
8		Using public tap (at least min.service level)		227	270	270	270	270	270	270	270
10		Other water supply (at least min.service level)				-	-				
		<i>Minimum Service Level and Above sub-total</i>	5,380	6,007	7,773	8,173	8,173	8,173	8,723	8,973	8,973
9		Using public tap (< min.service level)									
10		Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		<b>Total number of households</b>	<b>5,380</b>	<b>6,007</b>	<b>7,773</b>	<b>8,173</b>	<b>8,173</b>	<b>8,173</b>	<b>8,723</b>	<b>8,973</b>	<b>8,973</b>
		<b>Sanitation/sewerage:</b>									
		Flush toilet (connected to sewerage)	3,826	3,976	7,049	7,449	7,449	7,449	7,699	7,949	7,949
		Flush toilet (with septic tank)	112	112	112	112	112	112	112	112	112
		Chemical toilet									
		Pit toilet (ventilated)	612	612	612	612	612	612	612	612	612
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	4,550	4,700	7,773	8,173	8,173	8,173	8,423	8,673	8,673
		Bucket toilet	1,169	1,169	43	43	43	43	43	46	46
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>	1,169	1,169	43	43	43	43	43	46	46
		<b>Total number of households</b>	<b>5,719</b>	<b>5,869</b>	<b>7,816</b>	<b>8,216</b>	<b>8,216</b>	<b>8,216</b>	<b>8,466</b>	<b>8,719</b>	<b>8,719</b>
		<b>Energy:</b>									
		Electricity (at least min.service level)	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822
		Electricity - prepaid (min.service level)	2,792	3,042	4,951	5,351	5,351	5,351	5,601	5,851	5,851
		<i>Minimum Service Level and Above sub-total</i>	5,614	5,864	7,773	8,173	8,173	8,173	8,423	8,673	8,673
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		<b>Total number of households</b>	<b>5,614</b>	<b>5,864</b>	<b>7,773</b>	<b>8,173</b>	<b>8,173</b>	<b>8,173</b>	<b>8,423</b>	<b>8,673</b>	<b>8,673</b>
		<b>Refuse:</b>									
		Removed at least once a week	5,607	5,857	7,773	8,173	8,173	8,173	8,423	8,673	8,673
		<i>Minimum Service Level and Above sub-total</i>	5,607	5,857	7,773	8,173	8,173	8,173	8,423	8,673	8,673
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		<b>Total number of households</b>	<b>5,607</b>	<b>5,857</b>	<b>7,773</b>	<b>8,173</b>	<b>8,173</b>	<b>8,173</b>	<b>8,423</b>	<b>8,673</b>	<b>8,673</b>

Municipal in-house services	Ref.	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
		<b>Household service targets (000)</b>									
		<b>Water:</b>									
		Piped water inside dwelling	2,826	2,976	4,399	4,799	4,799	4,799	5,049	5,299	5,299
		Piped water inside yard (but not in dwelling)	2,554	2,804	3,104	3,404	3,104	3,104	3,404	3,404	3,404
8		Using public tap (at least min.service level)		227	270	270	270	270	270	270	270
10		Other water supply (at least min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	5,380	6,007	7,773	8,473	8,173	8,173	8,723	8,973	8,973
9		Using public tap (< min.service level)									
10		Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		<b>Total number of households</b>	<b>5,380</b>	<b>6,007</b>	<b>7,773</b>	<b>8,473</b>	<b>8,173</b>	<b>8,173</b>	<b>8,723</b>	<b>8,973</b>	<b>8,973</b>
		<b>Sanitation/sewerage:</b>									
		Flush toilet (connected to sewerage)	3,826	3,976	7,049	7,449	7,449	7,449	7,699	7,949	7,949
		Flush toilet (with septic tank)	112	112	112	112	112	112	112	112	112
		Chemical toilet				-	-	-	-	-	-
		Pit toilet (ventilated)	612	612	612	612	612	612	612	612	612
		Other toilet provisions (> min.service level)				-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>	4,550	4,700	7,773	8,173	8,173	8,173	8,423	8,673	8,673
		Bucket toilet	1,169	1,169	43	43					
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>	1,169	1,169	43	43	-	-	-	-	-
		<b>Total number of households</b>	<b>5,719</b>	<b>5,869</b>	<b>7,816</b>	<b>8,216</b>	<b>8,173</b>	<b>8,173</b>	<b>8,423</b>	<b>8,673</b>	<b>8,673</b>
		<b>Energy:</b>									
		Electricity (at least min.service level)	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822
		Electricity - prepaid (min.service level)	2,792	3,042	4,951	5,351	5,351	5,351	5,601	5,851	5,851
		<i>Minimum Service Level and Above sub-total</i>	5,614	5,864	7,773	8,173	8,173	8,173	8,423	8,673	8,673
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		<b>Total number of households</b>	<b>5,614</b>	<b>5,864</b>	<b>7,773</b>	<b>8,173</b>	<b>8,173</b>	<b>8,173</b>	<b>8,423</b>	<b>8,673</b>	<b>8,673</b>
		<b>Refuse:</b>									
		Removed at least once a week	5,607	5,857	7,773	8,173	8,173	8,173	8,423	8,673	8,673
		<i>Minimum Service Level and Above sub-total</i>	5,607	5,857	7,773	8,173	8,173	8,173	8,423	8,673	8,673
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		<b>Total number of households</b>	<b>5,607</b>	<b>5,857</b>	<b>7,773</b>	<b>8,173</b>	<b>8,173</b>	<b>8,173</b>	<b>8,423</b>	<b>8,673</b>	<b>8,673</b>

**Table 49 MBRR SA32 – List of external mechanisms**

None

## 2.14 Municipal manager's quality certificate

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

Print Name AMOS CHINA MPELA

Municipal manager of Umsobomvu Municipality (NC072)

Signature

A handwritten signature in black ink, appearing to be 'A. Mpele', written on a light grey background.

Date 30/5/2014