

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



**2017/18 TO 2018/19**

**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: Foreword by the Mayor**

The Municipal Systems Act (32 of 2000) compels all municipal Councils to develop and adopt a Five-year Integrated Development Plan (IDP) which has to be reviewed annually. The Umsobomvu Municipality Integrated Development Plan for the period 2017 – 2022 aim is to create a platform to inform decision making, create an environment for economic development and building social cohesion to fulfil our constitutional mandate. This IDP outlines the programmes and development commitments that will be delivered during the term of this current Council.

The process also had challenges that we need to take cognizance of which was the Local Government Election in August 2016 that brought a new administration who needed to go through an induction programme and also the establishment of ward committees that was finalized in January 2017.

In order to achieve the vision and mission of our Municipality we went out and engaged our local communities through public participation by means of ward Councillors, ward committees, community outreach programmes and IDP Representative Forum. Ward community meetings took place as follows;

Ward 1 on 24 January 2017

Ward 2 on 25 January 2017

Ward 3 on 26 January 2017

Ward 4 on 14 February 2017

Ward 6 on 6 February 2017

IDP Representative Forum on 10 February 2017

Umsobomvu Municipality also run a project in conjunction with the Office of the Premier, the Department of Planning, Monitoring and Evaluation (DPME) that applies the citizen-based monitoring model to enhance participation of community members in the IDP process, to improve cooperation with provincial sector departments an enable ward level monitoring of delivery against the plan. Ward Councillors, Ward Committee members, Community Works Programme (CWP) participants and Community Development Workers (CDW) were part of a survey that took place in wards from 13 – 17 February 2017 where a total number of 6234 community members participated.

This IDP created a channel for communities to express their desires and for the Municipality to respond in a manner subject to the available resources and alignment with policies and programmes across the spheres of government.

Through this process we need to address unemployment, the high levels of poverty and inequality by ensuring service delivery, local economic development, financial viability, good governance and public participation.

Let us continue to protect the environment and use land effectively as we better the quality of the lives of our people and ensure that Umsobomvu Municipality remain economically viable and sustainable to achieve a better life for all.

“A Developmental Municipality in South Africa”

## OVERVIEW OF THE 2017/2018 BUDGET

This council is legally obligated to adopt the final Capital and Operating Budget for 2017/18–2019/20 in terms of the MFMA. The MFMA states that an annual budget may only be funded from realistically anticipated revenues to be collected; cash backed accumulated funds from previous years’ surpluses not committed for other purposes; and borrowed funds.

Honourable Councillors this has been done within the final budget.

### Operating Budget

The estimated operating expenditure budget for the 2016/2017 financial year is R149 291 506,00. The Employee Costs (Salaries and allowances) comprises 33% of the total operational expenditure.

The estimated revenue budget for the 2015/2016 financial year is R 132 393 813.00

### Capital Budget

The final capital budget for 2017/2018 is an amount of R 20 781 400.00. This comprises mainly of Road projects funded from municipal infrastructure grant, the Integrated National Electrification programme Grant from Department of Energy, the Water subsidy infrastructure grant from the Department of Water Affairs and internally generated funds.

The following funded projects were identified from the IDP and are captured in the capital budget:

CAPITAL BUDGET 2017-2018		
New ouboks aeterial block paving	Municipal Infrastructure Grant	R 11 031 400
Electrification of New ouboks	Integrated National Electrification Programme	R 2 000 000
Raplacement of water pipeline in main road kuyasa	Water Subsidy Infrastructure Grant	R 4 000 000
Municipal Financial System	Internally generated funds	R 3 750 000
		R 20 781 400

The following service charges will be increased as from 1 July 2017 to ensure sustainable service delivery to the community:

#### Electricity Tariffs

Application was submitted to NERSA for an average increase of 1.88%. The approval by NERSA is still awaiting.

#### WATER TARIFFS

- The water tariffs are increased by 6% which are fully cost-reflective
- The 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.

## **SANITATION TARIFFS**

Tariff increase of 6% is proposed to recover the cost for the running and maintenance cost and to ensure the sustainable running of the Waste Water Treatment Works.

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 sustainable municipal services are provided economically and equitably to all communities.

I thank you.

**Cllr. M.S. Toto**

**MAYOR**

## **1.2 Council Resolutions**

On the 31<sup>st</sup> May 2017 the Council of Umsobomvu Municipality Local Municipality met in the Council Chambers of Umsobomvu Municipality to consider the annual budget of the municipality for the financial year 2017/2018. 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 2017/2018 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 18 on page 24;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; 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 22 on page 30.
  - 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 23 on page 32;
    - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
    - 1.2.4. Asset management as contained in Table 26 on page 36; and
    - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
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 2017
  - 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 2017 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.
  5. The Council of Umsobomvu Municipality, approves the service level standards which form part of the 2017/18 tabled MTREF budget documentation as set out in Annexure F.
  6. The Council of Umsobomvu Municipality, approves the schedule of procurement plan in respect of advertised competitive bids (in excess of R200, 000) as set out in Annexure G.

### 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. 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. 85 and 86 were used to guide the compilation of the 2017/2018 MTREF.

The main challenges experienced during the compilation of the 2017/2018 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;

- 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 2017/2018 MTREF process; and
- Availability of affordable capital/borrowing.
- Generating funds to acquire a financial system that is SCOA compliant, this has been an enormous challenge as this system comes with a hefty price over a period of three years.

The following budget principles and guidelines directly informed the compilation of the 2017/2018 MTREF:

- The 2016/17 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 2017/2018 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;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/2016 Medium-term Revenue and Expenditure Framework:

**[Table 1 Consolidated Overview of the 2017/18 MTREF](#)**

**Table 1 Consolidated Overview of the 2017/2018 MTREF**

<b>R Thousand</b>	<b>Adjustment Budget 2016/2017</b>	<b>Budget Year 2017/2018</b>	<b>Budget Year + 1 2018/2019</b>	<b>Budget Year + 2 2019/2020</b>
<b>Total operating Revenue</b>	<b>R 162,550</b>	<b>R 149,425</b>	<b>R 157,612</b>	<b>R 163,191</b>
<b>Total Operating Expenditure</b>	<b>R 155,322</b>	<b>R 149,292</b>	<b>R156,403</b>	<b>R161,512</b>
<b>(Surplus) Deficit</b>	<b>(R 7,228)</b>	<b>(R 0,133)</b>	<b>(R1,209)</b>	<b>(R 1,679)</b>
<b>Total Capital Expenditure</b>	<b>R 29,776</b>	<b>R 20,781</b>	<b>R 19,032</b>	<b>R 15,566</b>

Total operating revenue has decreased by 8.07 per cent for the 2017/2018 financial year when compared to the 2016/17 Adjustments Budget mainly due the deduction of subsidised services from the budgeted services. For the two outer years, operational revenue will increase by 5.48 and 3.54 per cent respectively, equating to a total revenue growth of R 641 thousand over the MTREF when compared to the 2016/17 financial year.

Total operating expenditure for the 2017/2018 financial year has been appropriated at R155,322 million and translates into a budgeted surplus of R 133 thousand. When compared to the 2016/17 Adjustments Budget, operational expenditure has decreased by 3.88 per cent in the 2017/2018 budget and increased by 4.76 and 3.27 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years increases to R1.209m in 2018/19 and R 1,679m in 2019/20.

The capital budget of R 20,7811 million for 2017/2018 is 30.21 per cent less when compared to the 2016/17 Adjustment Budget. The decrease is a result of a decrease in the allocation received from DORA. The capital programme decreases to R 19,032 million in the 2018/2019 financial year and then decreases to R 15,566 million in the 2019/2020 financial year. All capital over the MTREF will be financed by Grants from National and own revenue.

Note that the Municipality is making good progress in paying for its borrowed capital funding. The repayment of capital and interest (debt services costs) has remained the same and will come to an end in the beginning of the 2018/19 financial year. The loan was taken about four years back 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 2017/2018 MTREF (classified by main revenue source):

### [Table 2 Summary of revenue classified by main revenue](#)

NC072 Umsobomvu - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	9 266	9 822	10 412
Service charges - electricity revenue	2	-	-	-	-	-	-	-	34 448	36 861	39 444
Service charges - water revenue	2	-	-	-	-	-	-	-	12 846	13 617	14 434
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	8 284	8 781	9 308
Service charges - refuse revenue	2	-	-	-	-	-	-	-	5 749	6 094	6 460
Service charges - other											
Rental of facilities and equipment									271	286	301
Interest earned - external investments									560	560	570
Interest earned - outstanding debtors									2 197	2 299	2 409
Dividends received											
Fines, penalties and forfeits									6 093	6 399	6 720
Licences and permits									2 285	2 399	2 519
Agency services									218	229	240
Transfers and subsidies									44 920	48 582	51 765
Other revenue	2	-	-	-	-	-	-	-	5 256	5 262	5 278
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	-	-	-	-	-	-	<b>132 394</b>	<b>141 192</b>	<b>149 860</b>

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

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 2016/17 financial year, revenue from rates and services charges totalled R 75,303 million or 56.72 per cent. This decreases to R 70,594 million in 2017/18 and increases to R 75,176 million and R 80,058 million in the respective financial years of the MTREF. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 100 & 101).

Property rates revenue source from services totalling 7 per cent or R 9,166 million rand in 2017/18. The smallest source is 'other revenue' which consists of various items such as income received from 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 44,920 million in the 2017/2018 financial year and steadily increases to R 48,582 million by 2019/20. Note that the year-on-year increase for the 2017/2018 financial year is 9.99 per cent and then increases by 8.15 and 6.55 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 4 Operating Transfers and Grant**

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	43 241	46 903	50 321
Local Government Equitable Share								39 760	44 147	47 543
Finance Management								1 900	2 155	2 155
MIG ADMIN - PMU								581	601	623
EPWP Incentive								1 000		
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		-	-	-	-	-	-	1 679	1 679	1 444
Sport and Recreation								1 679	1 679	1 444
Other transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	-	-	-	-	-	-	44 920	48 582	51 765
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	17 031	16 420	13 331
Municipal Infrastructure Grant (MIG)								11 031	11 420	11 831
Integrated National Electrification Programme								2 000	5 000	1 500
Water Services Operating Subsidy								4 000		
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	-	-	-	-	-	-	17 031	16 420	13 331
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		-	-	-	-	-	-	61 951	65 002	65 096

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 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 2017/2018 financial year based on a 6 per cent increase from 1 July 2017 is contained below:

**Table 5 Comparison of Proposed rates to be levied for 2017/201/ financial year**

<b>Table 5 Comparison of Proposed Rates</b>		
<b>Category</b>	<b>Current Tariff (1 July 2016)</b>	<b>Proposed Tariff (From 1 July 2017)</b>
<b>Residential Properties</b>	0.0113	0.0118
<b>State Owned Properties</b>	0.0182	0.0190
<b>Business &amp; Commercial</b>	0.0134	0.0139
<b>Agricultural</b>	0.0028	0.0029

**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 had 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 per cent from 1 July 2017 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 indigent 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 2016/17 Rand per kl</b>	<b>Proposed Tariffs 2017/18 Rand per kl</b>	<b>Percentage Change</b>
<b>Residential</b>			
(i) 0 to 6 kl per 30-day period	4.99	5.29	<b>6%</b>
(ii) 7 to 20 kl per 30-day period	6.03	6.39	<b>6%</b>
(iii) 21- 30kl per 20-day period	7.74	8.2	<b>6%</b>
(iv) 30+	10.22	10.83	<b>6%</b>
<b>Non Residential</b>			
(i) 0-60kl per 30-day period	7.33	7.77	<b>6%</b>
(ii) 61kl per 30-day period	9.84	10.43	<b>6%</b>

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)**

<b>Monthly Consumption</b> Kl	<b>Current Amount Payable</b> R	<b>Proposed Amount Payable</b> R	<b>Difference (Increase)</b> R	<b>Percentage Change</b> %
20	R 126.73	R 134.33	R 7.60	6%
30	R 211.42	R 224.11	R 12.69	6%
40	R 330.24	R 350.05	R 19.81	6%

The tariff structure of the 2017/2018 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 R 10.83 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. A 7.86 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.

Considering the Eskom increases, the consumer tariff had to be increased by 1.88 per cent to offset the additional bulk purchase cost from 1 July 2017. 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)**

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

<b>Monthly Consumption Kwh</b>	<b>Current Amount Payable R</b>	<b>Proposed Amount Payable R</b>	<b>Difference Increase R</b>	<b>Percentage Change %</b>
100	R 113.81	R 115.95	R 2.14	1.88%
250	R 302.41	R 308.10	R 5.69	1.88%
500	R 684.89	R 697.77	R 12.88	1.88%
750	R 1 164.84	R 1 186.74	R 21.90	1.88%
1000	R 1 669.85	R 1 701.24	R 31.39	1.88%
2000	R 3 691.09	R 3 760.48	R 69.39	1.88%

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 will be 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 has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

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 2017/2018 and 2018/2019 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 6 per cent for sanitation from 1 July 2017 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contribute approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 6 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 R 8,284 million for the 2017/2018 financial year.

The following table compares the current and proposed tariffs:

**Table 9 Comparison between current sanitation charges and increases**

Description	Current Year 2016/2017	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year + 1 2018/19	Budget Year + 2 2019/20
		Waste Water Tariffs		
Basic Charge/Fixed Fee (Rands/Month)	104.13	110.38	117.00	124.02
Service Point-Vacant Land (Rand/Month)	60.10	63.71	67.53	71.58
Conservancy Tank Household ( 1 Service per Month)	77.99	82.67	87.63	92.89
Conservancy Tank Household ( Additional Service per Month) : Payable in Advance	82.67	87.63	92.89	98.46
Conservancy Tank Schools per Load	114.34	121.20	128.47	136.18
Conservancy Tank Businesses per Load With Minimum of 1 Load per Month	114.34	121.20	128.47	136.18
Night soil Removal ( Per Bucket per Month)	56.12	59.49	63.06	66.84
Night Soil Rondawel (Per Bucket per Month)	40.00	42.40	44.94	47.64
Meatlands Industrial Effluent per Month		-	-	-
Meatlands Sewerage Same As Business Tariffs		-	-	-
Meatlands Dumping Charges Of Blood And Dung per Month	891.31	944.79	1 001.48	1 061.56
Sewerage Household/Colesberg High School/ per Month	104.13	110.38	117.00	124.02
Sewerage Prison per Point per Month	350.16	371.17	393.44	417.05
Sewerage Garages and State per Point per Month	210.74	223.38	236.79	250.99
Sewerage Hospital per Point per Month	374.69	397.17	421.00	446.26
Sewerage Business Normal	134.97	143.07	151.65	160.75
Sewerage Business With Minimum of 2 Points per Month	208.27	220.77	234.01	248.05
Sewerage Business Additional Connection	50.13	53.14	56.33	59.71
Sewerage Availability per Month	60.10	63.71	67.53	71.58
Meatlands per Sheep ( Effluent)	0.86	0.91	0.97	1.02

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**

Monthly Sanitation Level of Service	Current Amount Payable R	Proposed Amount Payable R	Difference (11% Increase) %
Domestic - Conservancy tanks	77.99	82.67	6%
Domestic - Connected	104.13	110.38	6%

### 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 2017. Higher increases will not be viable in 2017/2018 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 2017:

**Table 11 Comparison between current waste removal fees and increases (Domestic)**

	Current Tariffs 2016/2017		Proposed Tariffs 2017/2018		Difference (Increase) R	% Increase
	Waste Removal	Municipal Cleaning	Waste Removal	Municipal Cleaning		
<b>Domestic- Monthly</b>	72.92		R 77.30		R 4.38	6%
<b>Additional Bin Per Month</b>	24.84		26.3		R 1.46	6%
<b>Business</b>	105		111.3		R 6.30	6%
<b>Garden Refuse Households</b>	7.34		7.78		R 0.44	6%

### 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 6 and 7 per cent and 7 per cent for indigents.

**Table 12 MBRR Table SA14 – Household bills**

NC072 Umsobomvu - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates								6.0%	670.90	711.15	753.82
Electricity: Basic levy								8.9%	83.95	89.83	96.12
Electricity: Consumption								1.9%	1 514.07	1 620.06	1 733.46
Water: Basic levy								6.0%	75.77	80.31	85.13
Water: Consumption								6.0%	203.76	215.99	228.95
Sanitation								6.0%	110.38	117.00	124.02
Refuse removal								6.0%	77.30	81.93	86.85
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	2 736.12	2 916.28	3 108.35
VAT on Services											
<b>Total large household bill:</b>		-	-	-	-	-	-	-	2 736.12	2 916.28	3 108.35
<b>% increase/-decrease</b>			-	-	-	-	-	-		6.6%	6.6%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates								6.0%	470.64	498.88	528.81
Electricity: Basic levy								8.9%	83.95	89.83	96.12
Electricity: Consumption								1.9%	634.77	679.20	726.74
Water: Basic levy								6.0%	75.77	80.31	85.13
Water: Consumption								6.0%	162.39	172.14	182.46
Sanitation								6.0%	110.38	117.00	124.02
Refuse removal								6.0%	77.30	81.93	86.85
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	1 615.19	1 719.29	1 830.14
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	1 615.19	1 719.29	1 830.14
<b>% increase/-decrease</b>			-	-	-	-	-	-		6.4%	6.4%
<b>Monthly Account for Household - 'Indigent'</b>	3										
<b>Household receiving free basic services</b>											
<b>Rates and services charges:</b>											
Property rates								6.0%	270.36	286.59	303.78
Electricity: Basic levy								8.9%	83.95	89.83	96.12
Electricity: Consumption								1.9%	405.43	433.81	464.18
Water: Basic levy								6.0%	75.77	80.31	85.13
Water: Consumption								6.0%	121.20	128.47	136.18
Sanitation								6.0%	110.38	117.00	124.02
Refuse removal								6.0%	77.30	81.93	86.85
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	1 144.39	1 217.95	1 296.26
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	1 144.39	1 217.95	1 296.26
<b>% increase/-decrease</b>			-	-	-	-	-	-		6.4%	6.4%

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 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 2017/2018 budget and MTREF (classified per main type of operating expenditure):

**Table 13 Summary of operating expenditure by standard classification**

Expenditure by type	Current year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full year Forecast	Budget year 2017/2018	% Increase (Decrease)	Budget year +1 2018/2019	Budget year +2 2019/2020
Employee Related Costs	47 215 689.00	45 978 901.00	45 978 901.00	49 356 104.00	7.35%	52 787 897.00	56 459 961.00
Remuneration of Councillors	3 246 332.00	3 460 789.00	3 460 789.00	3 716 887.00	7.40%	3 977 070.00	4 255 464.00
Debt Impaired	6 194 054.00	11 388 256.00	11 388 256.00	11 387 767.00	0.00%	11 387 767.00	11 387 766.00
Depreciation & Asset Impairment	29 406 915.00	29 442 204.00	29 442 204.00	25 827 264.00	-12.28%	25 827 264.00	25 827 264.00
Finance Charges	310 000.00	230 000.00	230 000.00	260 000.00	13.04%	260 000.00	260 000.00
Bulk Purchases	22 962 421.00	22 962 421.00	22 962 421.00	23 388 287.00	1.85%	25 043 767.00	26 772 330.00
Other Materials	-	-	-	-	-	-	-
Contacted Services	-	-	-	1 123 600.00	-	1 191 016.00	1 262 477.00
Transfers and Grants	9 536 950.00	6 777 352.00	6 777 352.00	-	-	-	-
Other Expenditure	34 537 489.00	35 062 000.00	35 062 000.00	34 211 599.00	-2.43%	35 908 584.00	35 266 690.00
Loss on Disposable PPE	20 000.00	20 000.00	20 000.00	20 000.00	0.00%	20 000.00	20 000.00
<b>Total Expenditure</b>	<b>153 429 850.00</b>	<b>155 321 923.00</b>	<b>155 321 923.00</b>	<b>149 291 508.00</b>	<b>-3.88%</b>	<b>156 403 365.00</b>	<b>161 511 952.00</b>

The budgeted allocation for employee related costs for the 2017/2018 financial year totals R49,356 million, which equals 33.06 per cent of the total operating expenditure. In relation to the collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7.36 per cent for the 2017/2018 financial year. An annual increase of 7 per cent and 7 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. 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 2017/2018 financial year this amount equates to R 11,388 million and remains the same throughout the MTREF financial years. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

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.

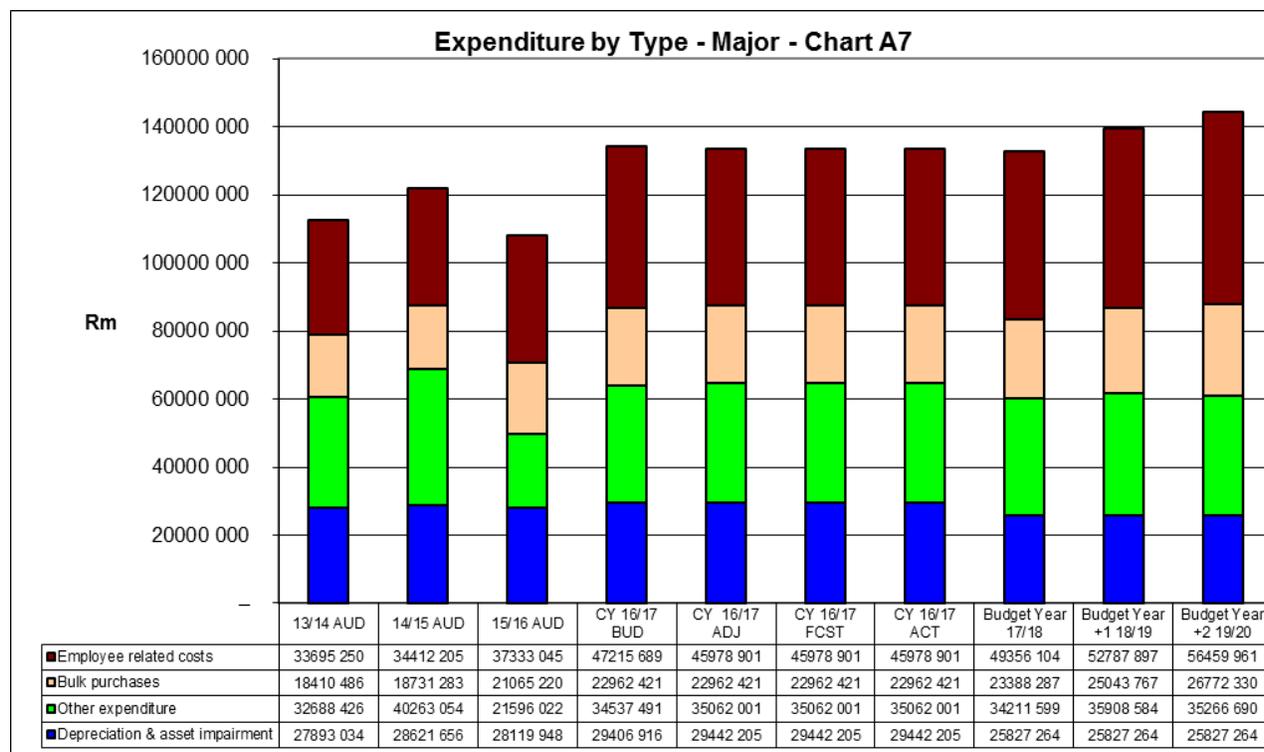
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.17 per cent (R ,260 million) of operating expenditure excluding annual redemption for 2017/2018. As previously noted, the Municipality has reached its prudential limits for 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 0.17 and 0.16 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 2017/2018 it has decreased by 2.42 per cent and increases by 4.96 in 2018/19 and decreases by 1.79 per cent in 2019/20.

The following table gives a breakdown of the main expenditure categories for the 2017/2018 financial year.



**Figure 1 Main operational expenditure categories for the 2015/2016 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 2017/2018 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 2017/2018 MTREF operational repairs and maintenance was decreased owing to the fact that some of the Municipality’s infrastructure has been upgraded and some vehicles are still new. To this end, repairs and maintenance was substantially decreased by 0.4 per cent in the 2017/2018 financial year, from R3.510 million to R3.496 million. The total allocation for 2017/2018 equates to R3.496 million, a decrease of 0.4 per cent in relation to the Adjustment Budget and remains the same over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 2.34, 2.24 and 2.16 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 15 Repairs and maintenance per asset class](#)**

NC072 Umsobomvu - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>	1									
<b>Infrastructure</b>		-	-	-	-	-	-	1 831	1 831	1 831
Roads Infrastructure		-	-	-	-	-	-	390	390	390
Roads								390	390	390
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	891	891	891
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors								671	671	671
MV Substations										
MV Switching Stations										
MV Networks								220	220	220
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	500	500	500
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution								500	500	500
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	50	50	50
Pump Station										
Reticulation								50	50	50
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										

<b>Community Assets</b>	-	-	-	-	-	-	5	5	5
Community Facilities	-	-	-	-	-	-	5	5	5
Halls									
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria							5	5	5
Police									
Purfs									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities									
Capital Spares									
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
<b>Other assets</b>	-	-	-	-	-	-	250	250	250
Operational Buildings	-	-	-	-	-	-	250	250	250
Municipal Offices							247	247	247
Pay/Enquiry Points									
Building Plan Offices							3	3	3
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Spares									
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									
Load Settlement Software Applications									
Unspecified									
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	35	35	35
Furniture and Office Equipment							35	35	35
<b>Machinery and Equipment</b>	-	-	-	-	-	-	263	263	263
Machinery and Equipment							263	263	263
<b>Transport Assets</b>	-	-	-	-	-	-	1 114	1 114	1 114
Transport Assets							1 114	1 114	1 114
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
Libraries									
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
<b>Total Repairs and Maintenance Expenditure</b>	1	-	-	-	-	-	3 496	3 496	3 496
<b>R&amp;M as a % of PPE</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%
<b>R&amp;M as % Operating Expenditure</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	2.2%

For the 2017/2018 financial year, 52.37 per cent or R1.831 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 48.66 per cent (R.891million), followed by water infrastructure at 27.31 per cent (R.500 million), roads at 21.30 per cent (R.390 million) and sanitation at 2.73 per cent (R.050 million). Community assets have been allocated 0.14 per cent 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 3556 or more indigent households during the 2017/2018 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 10 MBRR A10 (Basic Service Delivery Measurement) on page 30.

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 16 2017/18 Medium-term capital budget per vote****NC072 Umsobomvu - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding**

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	-	3 500	1 480	1 595
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	-	250	133	640
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	-	17 031	17 420	13 331
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>		-	-	-	-	-	-	-	20 781	19 032	15 567
<b>Total Capital Expenditure - Vote</b>		-	-	-	-	-	-	-	20 781	19 032	15 567
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		-	-	-	-	-	-	-	3 500	1 480	1 595
Executive and council											
Finance and administration									3 500	1 480	1 595
Internal audit											
<b>Community and public safety</b>		-	-	-	-	-	-	-	250	133	640
Community and social services									250	133	640
Sport and recreation											
Public safety											
Housing											
Health											
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	11 031	-	-
Planning and development											
Road transport									11 031	-	-
Environmental protection											
<b>Trading services</b>		-	-	-	-	-	-	-	6 000	17 420	13 331
Energy sources									2 000	6 000	1 500
Water management									4 000	11 420	11 831
Waste water management											
Waste management											
<b>Other</b>											
<b>Total Capital Expenditure - Functional</b>	3	-	-	-	-	-	-	-	20 781	19 032	15 567
<b>Funded by:</b>											
National Government									17 031	16 420	13 331
Provincial Government											
District Municipality											
Other transfers and grants											
<b>Transfers recognised - capital</b>	4	-	-	-	-	-	-	-	17 031	16 420	13 331
<b>Public contributions &amp; donations</b>	5										
<b>Borrowing</b>	6										
<b>Internally generated funds</b>									3 750	2 613	2 235
<b>Total Capital Funding</b>	7	-	-	-	-	-	-	-	20 781	19 032	15 567

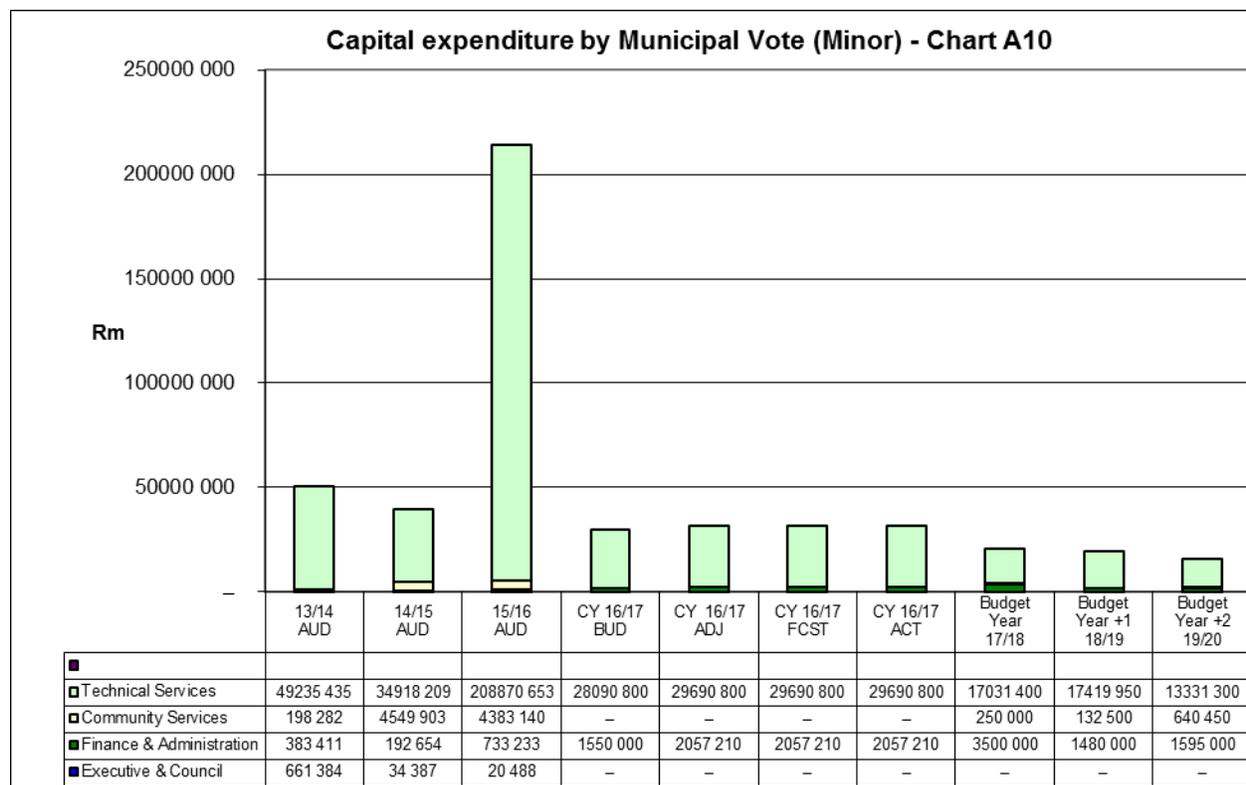
For 2017/2018 an amount of R 20.781 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget. In the outer years this amount totals R19.032 million and R15.567 million, 100 per cent respectively for each of the financial years. Road transport receives the highest allocation of R 11.031 million in 2017/2018 which equates to 53.08 per cent followed by water services at 19.25 per cent, R4 million.

Total new assets represent 100 per cent or R 20.781 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 38. In addition to the MBRR Table A9, MBRR Tables SA34a and SA34c provides a detailed breakdown of the capital programme relating to new asset construction as well as operational repairs and maintenance by asset class (refer to pages 89, 90 and 91). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Noupoot Electricity Network – R2 million;
- Kuyasa Main Road Water Pipe Line – R4 million;
- New Ouboks Arterial Road Paving – R11.031 million;
- New Financial System – R 3.500 million;
- Develop New Cemetery Site in Colesberg – R250 thousand (1<sup>st</sup> portion of 3 payments);

Furthermore, pages 93 to 95 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 R5 million by 2018/19 and to R1.500 million by 2019/20. It needs to be noted that as part of the 2017/18 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 2017/2018 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

[Table 17 MBRR Table A1 - Budget Summary](#)

NC072 Umsobomvu - Table A1 Consolidated Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	9 266	9 822	10 412
Service charges	-	-	-	-	-	-	-	61 327	65 354	69 646
Investment revenue	-	-	-	-	-	-	-	560	560	570
Transfers recognised - operational	-	-	-	-	-	-	-	44 920	48 582	51 765
Other own revenue	-	-	-	-	-	-	-	16 320	16 874	17 468
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	-	-	-	-	-	132 394	141 192	149 860
Employee costs	-	-	-	-	-	-	-	49 356	52 788	56 460
Remuneration of councillors	-	-	-	-	-	-	-	3 717	3 977	4 255
Depreciation & asset impairment	-	-	-	-	-	-	-	25 827	25 827	25 827
Finance charges	-	-	-	-	-	-	-	260	260	260
Materials and bulk purchases	-	-	-	-	-	-	-	23 388	25 044	26 772
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	46 743	48 507	47 937
<b>Total Expenditure</b>	-	-	-	-	-	-	-	149 292	156 403	161 512
<b>Surplus/(Deficit)</b>	-	-	-	-	-	-	-	(16 898)	(15 211)	(11 652)
Transfers and subsidies - capital (monetary alloc	-	-	-	-	-	-	-	17 031	16 420	13 331
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	-	-	-	-	-	-	134	1 209	1 679
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	-	-	-	-	-	-	134	1 209	1 679
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	-	-	-	-	-	-	-	20 781	19 032	15 567
Transfers recognised - capital	-	-	-	-	-	-	-	17 031	16 420	13 331
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	3 750	2 613	2 235
<b>Total sources of capital funds</b>	-	-	-	-	-	-	-	20 781	19 032	15 567
<b>Financial position</b>										
Total current assets	-	-	-	-	-	-	-	151 779	173 907	200 224
Total non current assets	-	-	-	-	-	-	-	572 110	586 330	599 771
Total current liabilities	-	-	-	-	-	-	-	4 722	4 927	5 150
Total non current liabilities	-	-	-	-	-	-	-	25 888	24 985	24 908
Community wealth/Equity	-	-	-	-	-	-	-	693 279	730 326	769 938
<b>Cash flows</b>										
Net cash from (used) operating	-	-	-	-	-	-	-	23 380	23 555	23 066
Net cash from (used) investing	-	-	-	-	-	-	-	(20 781)	(19 032)	(15 567)
Net cash from (used) financing	-	-	-	-	-	-	-	(809)	108	193
<b>Cash/cash equivalents at the year end</b>	-	-	-	-	-	-	-	29 943	34 574	42 266
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	-	-	-	-	-	-	-	29 943	34 574	42 266
Application of cash and investments	-	-	-	-	-	-	-	(95 645)	(109 528)	(124 296)
<b>Balance - surplus (shortfall)</b>	-	-	-	-	-	-	-	125 588	144 102	166 562
<b>Asset management</b>										
Asset register summary (WDV)	-	-	-	-	-	-	-	572 110	572 110	586 330
Depreciation	-	-	-	-	-	-	-	25 827	25 827	25 827
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	3 496	3 496	3 496
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	7 455	7 923	8 422
Revenue cost of free services provided	-	-	-	-	-	-	-	818	867	919
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	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 2017/18 the water backlog will have been eliminated.

**Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)****NC072 Umsobomvu - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)**

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		-	-	-	-	-	-	56 862	62 074	66 095
Executive and council		-	-	-	-	-	-	39 760	44 147	47 543
Finance and administration		-	-	-	-	-	-	17 102	17 927	18 552
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		-	-	-	-	-	-	10 345	10 781	11 004
Community and social services		-	-	-	-	-	-	2 003	2 022	1 807
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	8 342	8 759	9 197
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		-	-	-	-	-	-	12 092	60	60
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	12 092	60	60
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		-	-	-	-	-	-	70 127	84 697	86 032
Energy sources		-	-	-	-	-	-	37 174	42 638	41 773
Water management		-	-	-	-	-	-	18 027	26 238	27 488
Waste water management		-	-	-	-	-	-	8 844	9 374	9 937
Waste management		-	-	-	-	-	-	6 082	6 447	6 834
<i><b>Other</b></i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	-	-	-	-	-	-	149 425	157 612	163 191
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		-	-	-	-	-	-	40 362	43 389	44 449
Executive and council		-	-	-	-	-	-	13 645	14 294	14 999
Finance and administration		-	-	-	-	-	-	26 718	29 095	29 450
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		-	-	-	-	-	-	20 491	21 569	22 471
Community and social services		-	-	-	-	-	-	8 381	8 713	9 083
Sport and recreation		-	-	-	-	-	-	3 252	3 472	3 708
Public safety		-	-	-	-	-	-	8 009	8 476	8 713
Housing		-	-	-	-	-	-	850	907	967
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		-	-	-	-	-	-	13 422	13 832	14 256
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	13 422	13 832	14 256
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		-	-	-	-	-	-	75 016	77 614	80 335
Energy sources		-	-	-	-	-	-	28 545	30 308	32 181
Water management		-	-	-	-	-	-	26 935	27 336	27 726
Waste water management		-	-	-	-	-	-	10 936	11 202	11 481
Waste management		-	-	-	-	-	-	8 600	8 768	8 948
<i><b>Other</b></i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	-	-	-	-	-	-	149 292	156 403	161 512
<b>Surplus/(Deficit) for the year</b>		-	-	-	-	-	-	134	1 209	1 679

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

NC072 Umsobomvu - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	39 760	44 147	47 543
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	17 102	17 927	18 552
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	10 345	10 781	11 004
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	82 219	84 757	86 092
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>	2	-	-	-	-	-	-	<b>149 425</b>	<b>157 612</b>	<b>163 191</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	13 645	14 294	14 999
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	26 718	29 095	29 450
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	20 491	21 569	22 471
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	88 438	91 446	94 592
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>	2	-	-	-	-	-	-	<b>149 292</b>	<b>156 403</b>	<b>161 512</b>
<b>Surplus/(Deficit) for the year</b>	2	-	-	-	-	-	-	<b>134</b>	<b>1 209</b>	<b>1 679</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 20 Surplus/(Deficit) calculations for the trading services**

VOTE DESCRIPTION R thousand	2013/14	2014/15	2015/16	Current Year 2016/17			2015/16 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	ELECTRICITY - Revenue	29 471 076	25 024 885	33 486 341	47 104 506	50 414 506	50 414 506	37 174 438	42 637 533
ELECTRICITY - Expenditure	26 588 384	23 575 811	25 542 160	27 929 731	28 065 043	28 065 043	28 544 633	30 307 955	32 180 713
	2 882 692	1 449 074	7 944 181	19 174 775	22 349 463	22 349 463	8 629 805	12 329 578	9 592 513
% Surplus (Deficit)	9.78%	5.79%	23.72%	40.71%	44.33%	44.33%	23.21%	28.92%	22.96%
WATER - Revenue	57 737 804	39 976 741	50 384 385	15 417 943	15 332 943	15 332 943	18 027 027	26 238 213	27 488 246
WATER - Expenditure	26 800 186	23 603 978	32 990 169	27 325 624	26 662 592	26 662 592	26 934 967	27 335 991	27 725 789
	30 937 618	16 372 763	17 394 216	(11 907 681)	(11 329 649)	(11 329 649)	(8 907 940)	(1 097 778)	(237 543)
% Surplus (Deficit)	53.58%	40.96%	34.52%	-77.23%	-73.89%	-73.89%	-49.41%	-4.18%	-0.86%

2. The electricity trading surplus is decreasing in 2017/18 from 44.33 per cent to 23.21 per cent and it is increasing in 2018/19 from 23.21 per cent or R8.630 million in 2017/18 to 28.92 per cent. This is primarily as a result of the high increases in Eskom bulk purchases and low increase in municipal tariff as guided by Nersa.
3. The deficit on the water services decreases from 73.89 per cent in 2016/17 to 49.41 per cent in 2017/18 and decreases further over the two outer years to 4.18 per cent and 0.86 per cent respectively.
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 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

NC072 Umsobomvu - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	9 266	9 822	10 412
Service charges - electricity revenue	2	-	-	-	-	-	-	-	34 448	36 861	39 444
Service charges - water revenue	2	-	-	-	-	-	-	-	12 846	13 617	14 434
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	8 284	8 781	9 308
Service charges - refuse revenue	2	-	-	-	-	-	-	-	5 749	6 094	6 460
Service charges - other											
Rental of facilities and equipment									271	286	301
Interest earned - external investments									560	560	570
Interest earned - outstanding debtors									2 197	2 299	2 409
Dividends received											
Fines, penalties and forfeits									6 093	6 399	6 720
Licences and permits									2 285	2 399	2 519
Agency services									218	229	240
Transfers and subsidies									44 920	48 582	51 765
Other revenue	2	-	-	-	-	-	-	-	5 256	5 262	5 278
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>									<b>132 394</b>	<b>141 192</b>	<b>149 860</b>
<b>Expenditure By Type</b>											
Employee related costs	2	-	-	-	-	-	-	-	49 356	52 788	56 460
Remuneration of councillors									3 717	3 977	4 255
Debt impairment	3								11 388	11 388	11 388
Depreciation & asset impairment	2	-	-	-	-	-	-	-	25 827	25 827	25 827
Finance charges									260	260	260
Bulk purchases	2	-	-	-	-	-	-	-	23 388	25 044	26 772
Other materials	8										
Contracted services									1 124	1 191	1 262
Transfers and subsidies									-	-	-
Other expenditure	4, 5	-	-	-	-	-	-	-	34 212	35 909	35 267
Loss on disposal of PPE									20	20	20
<b>Total Expenditure</b>									<b>149 292</b>	<b>156 403</b>	<b>161 512</b>
<b>Surplus/(Deficit)</b>									<b>(16 898)</b>	<b>(15 211)</b>	<b>(11 652)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									17 031	16 420	13 331
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>									<b>134</b>	<b>1 209</b>	<b>1 679</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>									<b>134</b>	<b>1 209</b>	<b>1 679</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>									<b>134</b>	<b>1 209</b>	<b>1 679</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>									<b>134</b>	<b>1 209</b>	<b>1 679</b>

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

- Total revenue is R132.394 million in 2017/18 and escalates to R141.192 million by 2018/19. This represents a year-on-year increase of just 6.65 per cent for the 2018/2019 financial year and 6.14 per cent increase for the 2019/20 financial year.

2. Revenue to be generated from property rates is R 8.742 million in the 2016/17 financial year and increases to R 9.266 by 2017/18 as the property rates tariff will be increased by 6% in the 2017/18 financial year. This constitute 6.87 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 for each of the respective outer years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 61.327 million for the 2017/2018 financial year and increasing to R65.354 million by 2018/19. For the 2018/19 financial year services charges amount to 46.59 per cent of the total revenue base and grows by 6.57 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 6.46 per cent and 7.89 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.

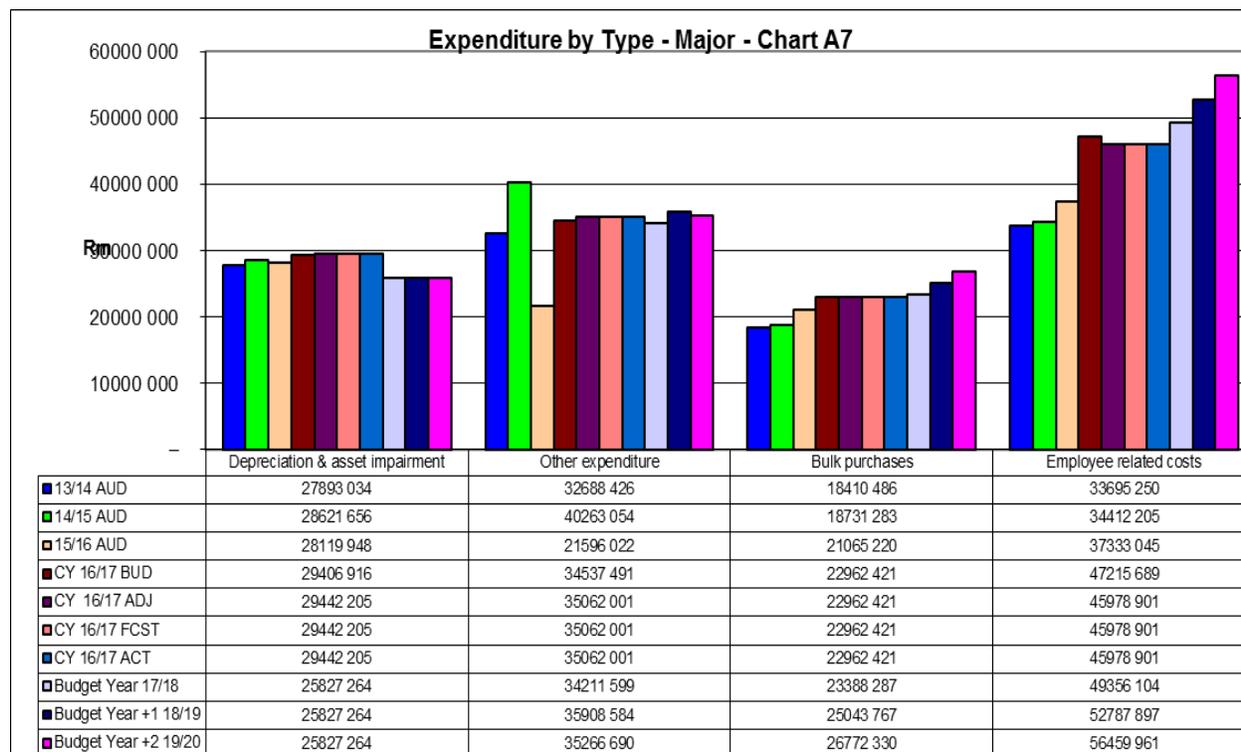


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2013/2014 to 2019/20 period escalating from R18.410 million to R26.772 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 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

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

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	-	3 500	1 480	1 595
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	-	250	133	640
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	-	17 031	17 420	13 331
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>		-	-	-	-	-	-	-	20 781	19 032	15 567
<b>Total Capital Expenditure - Vote</b>		-	-	-	-	-	-	-	20 781	19 032	15 567
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		-	-	-	-	-	-	-	3 500	1 480	1 595
Executive and council											
Finance and administration									3 500	1 480	1 595
Internal audit											
<b>Community and public safety</b>		-	-	-	-	-	-	-	250	133	640
Community and social services									250	133	640
Sport and recreation											
Public safety											
Housing											
Health											
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	11 031	-	-
Planning and development											
Road transport									11 031	-	-
Environmental protection											
<b>Trading services</b>		-	-	-	-	-	-	-	6 000	17 420	13 331
Energy sources									2 000	6 000	1 500
Water management									4 000	11 420	11 831
Waste water management											
Waste management											
<b>Other</b>											
<b>Total Capital Expenditure - Functional</b>	3	-	-	-	-	-	-	-	20 781	19 032	15 567
<b>Funded by:</b>											
National Government									17 031	16 420	13 331
Provincial Government											
District Municipality											
Other transfers and grants											
<b>Transfers recognised - capital</b>	4	-	-	-	-	-	-	-	17 031	16 420	13 331
<b>Public contributions &amp; donations</b>	5										
<b>Borrowing</b>	6										
<b>Internally generated funds</b>									3 750	2 613	2 235
<b>Total Capital Funding</b>	7	-	-	-	-	-	-	-	20 781	19 032	15 567

**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 R20.781 million for the 2017/2018 financial year and decreases to R19.032 million and R15.567 million in the 2018/2019 and 2019/20 financial years respectively.
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 national, provincial grants and transfers and internally generated funds. For 2017/2018, capital transfers totals consist of R17.031 million (81.95 per cent national and 18.05 per cent internally generated) and R19.032 million by 2018/19 (86.28 per cent national and 13.72 per cent internally generated). These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 23 MBRR Table A6 - Budgeted Financial Position****NC072 Umsobomvu - Table A6 Consolidated Budgeted Financial Position**

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>ASSETS</b>											
<b>Current assets</b>											
Cash									23 805	28 151	35 541
Call investment deposits	1	-	-	-	-	-	-	-	6 138	6 424	6 725
Consumer debtors	1	-	-	-	-	-	-	-	117 359	134 856	153 482
Other debtors									4 075	4 075	4 075
Current portion of long-term receivables											
Inventory	2								401	401	401
<b>Total current assets</b>		-	-	-	-	-	-	-	151 779	173 907	200 224
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property									2 061	2 061	2 061
Investment in Associate											
Property, plant and equipment	3	-	-	-	-	-	-	-	566 549	582 969	596 300
Agricultural											
Biological											
Intangible									3 500	1 300	1 410
Other non-current assets											
<b>Total non current assets</b>		-	-	-	-	-	-	-	572 110	586 330	599 771
<b>TOTAL ASSETS</b>		-	-	-	-	-	-	-	723 889	760 237	799 996
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits									911	916	926
Trade and other payables	4	-	-	-	-	-	-	-	2 850	3 050	3 263
Provisions									961	961	961
<b>Total current liabilities</b>		-	-	-	-	-	-	-	4 722	4 927	5 150
<b>Non current liabilities</b>											
Borrowing									979	77	-
Provisions									24 908	24 908	24 908
<b>Total non current liabilities</b>		-	-	-	-	-	-	-	25 888	24 985	24 908
<b>TOTAL LIABILITIES</b>		-	-	-	-	-	-	-	30 610	29 911	30 058
<b>NET ASSETS</b>	5	-	-	-	-	-	-	-	693 279	730 326	769 938
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)									693 279	730 326	769 938
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	-	-	-	-	-	-	-	693 279	730 326	769 938

## **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 47 is supported by an extensive table of notes (SA3 which can be found on page 101) 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 24 MBRR Table A7 - Budgeted Cash Flow Statement**

NC072 Umsobomvu - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates									9 266	9 822	10 412
Service charges									46 856	49 944	53 238
Other revenue									14 123	14 575	15 059
Government - operating	1								44 920	48 582	51 765
Government - capital	1								17 031	16 420	13 331
Interest									2 116	2 189	2 276
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees									(110 673)	(117 717)	(122 754)
Finance charges									(260)	(260)	(260)
Transfers and Grants	1								-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	-	-	-	-	-	-	<b>23 380</b>	<b>23 555</b>	<b>23 066</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets									(20 781)	(19 032)	(15 567)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	-	-	-	-	-	-	<b>(20 781)</b>	<b>(19 032)</b>	<b>(15 567)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									170	185	193
<b>Payments</b>											
Repayment of borrowing									(979)	(77)	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-	<b>(809)</b>	<b>108</b>	<b>193</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	-	-	-	-	-	-	<b>1 789</b>	<b>4 631</b>	<b>7 692</b>
Cash/cash equivalents at the year begin:	2								28 154	29 943	34 574
Cash/cash equivalents at the year end:	2								29 943	34 574	42 266

**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 have been increasing over the 2013/14 to 2019/20 period from R19.947 to 42.266 million.
4. The approved 2017/2018 MTREF provide for a net increase in cash of R1.789 million for the 2017/18 financial year resulting in an overall projected positive cash position of R29.943 million at year end.
5. As part of the 2016/17 mid-year review and Adjustments Budget the cash position had to be addressed 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 R 29.943 million for the 2016/17 financial year.
7. The 2017/2018 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R29.943 million as at the end of the 2017/2018 financial year and increases to R42.266 million by 2019/20.

**Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	29 943	34 574	42 266
Other current investments > 90 days		-	-	-	-	-	-	-	0	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		-	-	-	-	-	-	-	29 943	34 574	42 266
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	-	-	-	-	-	(95 645)	(109 528)	(124 296)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		-	-	-	-	-	-	-	(95 645)	(109 528)	(124 296)
<b>Surplus(shortfall)</b>		-	-	-	-	-	-	-	125 588	144 102	166 562

**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 86 – 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 2013/14 the surplus deteriorated from R24.392 million to a deficit of R 9.493 million in 2015/16 and increases to R166.562 million in 2019/20.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the approved 2017/18 MTREF was funded owing to the significant remaining surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2017/2018 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 increase from a deficit of R9.493 million in 2015/16 to R166.562 million by 2019/20.

**Table 26 MBRR Table A9 - Asset Management**



<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
<i>Roads Infrastructure</i>								152 959	152 959	152 959
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>								62 510	67 510	69 010
<i>Water Supply Infrastructure</i>								190 564	201 984	213 815
<i>Sanitation Infrastructure</i>								85 978	85 978	85 978
<i>Solid Waste Infrastructure</i>								41 406	41 406	41 406
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
<b>Infrastructure</b>		-	-	-	-	-	-	<b>533 417</b>	<b>549 837</b>	<b>563 168</b>
Community Facilities								8 895	8 895	8 895
Sport and Recreation Facilities										
<b>Community Assets</b>		-	-	-	-	-	-	<b>8 895</b>	<b>8 895</b>	<b>8 895</b>
<b>Heritage Assets</b>										
Revenue Generating								2 061	2 061	2 061
Non-revenue Generating										
<b>Investment properties</b>		-	-	-	-	-	-	<b>2 061</b>	<b>2 061</b>	<b>2 061</b>
Operational Buildings								24 238	24 238	24 238
Housing										
<b>Other Assets</b>		-	-	-	-	-	-	<b>24 238</b>	<b>24 238</b>	<b>24 238</b>
<b>Biological or Cultivated Assets</b>										
Servitudes										
Licences and Rights								3 500	1 300	1 410
<b>Intangible Assets</b>		-	-	-	-	-	-	<b>3 500</b>	<b>1 300</b>	<b>1 410</b>
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Libraries										
Zoo's, Marine and Non-biological Animals										
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	-	-	-	-	-	-	<b>572 110</b>	<b>586 330</b>	<b>599 771</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation</b>	7	-	-	-	-	-	-	25 827	25 827	25 827
<b>Repairs and Maintenance by Asset Class</b>	3							<b>3 496</b>	<b>3 496</b>	<b>3 496</b>
<i>Roads Infrastructure</i>								390	390	390
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>								891	891	891
<i>Water Supply Infrastructure</i>								500	500	500
<i>Sanitation Infrastructure</i>								50	50	50
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
<b>Infrastructure</b>		-	-	-	-	-	-	<b>1 831</b>	<b>1 831</b>	<b>1 831</b>
Community Facilities								5	5	5
Sport and Recreation Facilities										
<b>Community Assets</b>		-	-	-	-	-	-	<b>5</b>	<b>5</b>	<b>5</b>
<b>Heritage Assets</b>										
Revenue Generating										
Non-revenue Generating										
<b>Investment properties</b>		-	-	-	-	-	-			
Operational Buildings								250	250	250
Housing										
<b>Other Assets</b>		-	-	-	-	-	-	<b>250</b>	<b>250</b>	<b>250</b>
<b>Biological or Cultivated Assets</b>										
Servitudes										
Licences and Rights										
<b>Intangible Assets</b>		-	-	-	-	-	-			
Computer Equipment										
Furniture and Office Equipment								35	35	35
Machinery and Equipment								263	263	263
Transport Assets								1 114	1 114	1 114
Libraries										
Zoo's, Marine and Non-biological Animals										
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		-	-	-	-	-	-	<b>29 324</b>	<b>29 324</b>	<b>29 324</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&amp;M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%	0.6%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%

### **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 0.6 per cent as prioritised in the IDP.

### **[Table 27 MBRR Table A10 - Basic Service Delivery Measurement](#)**

NC072 Umsobomvu - Table A10 Consolidated basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	8 505	8 505	8 505	
Piped water inside yard (but not in dwelling)		-	-	-	-	-	289	289	289	
Using public tap (at least min.service level)	2	-	-	-	-	-	12	12	12	
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	
<i>Minimum Service Level and Above sub-total</i>							8 806	8 806	8 806	
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	
No water supply		-	-	-	-	-	-	-	-	
<i>Below Minimum Service Level sub-total</i>							-	-	-	
<b>Total number of households</b>	5	-	-	-	-	-	8 806	8 806	8 806	
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	7 722	7 722	7 722	
Flush toilet (with septic tank)		-	-	-	-	-	236	236	236	
Chemical toilet		-	-	-	-	-	-	-	-	
Pit toilet (ventilated)		-	-	-	-	-	794	794	794	
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	
<i>Minimum Service Level and Above sub-total</i>							8 752	8 752	8 752	
Bucket toilet		-	-	-	-	-	54	54	54	
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	
No toilet provisions		-	-	-	-	-	-	-	-	
<i>Below Minimum Service Level sub-total</i>							54	54	54	
<b>Total number of households</b>	5	-	-	-	-	-	8 806	8 806	8 806	
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	2 822	2 822	2 822	
Electricity - prepaid (min.service level)		-	-	-	-	-	5 984	5 984	5 984	
<i>Minimum Service Level and Above sub-total</i>							8 806	8 806	8 806	
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>	5	-	-	-	-	-	8 806	8 806	8 806	
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	7 769	7 769	7 769	
<i>Minimum Service Level and Above sub-total</i>							7 769	7 769	7 769	
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>	5	-	-	-	-	-	7 769	7 769	7 769	
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	3 556	3 556	3 556	
Sanitation (free minimum level service)		-	-	-	-	-	3 556	3 556	3 556	
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	3 556	3 556	3 556	
Refuse (removed at least once a week)		-	-	-	-	-	3 556	3 556	3 556	
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	1 935	2 051	2 174	
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	1 987	2 106	2 232	
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	2 141	2 291	2 452	
Refuse (removed once a week for indigent households)		-	-	-	-	-	1 391	1 475	1 563	
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>							7 455	7 923	8 422	
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)							545	577	612	
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA							273	289	307	
Water (in excess of 6 kilolitres per indigent household per month)							-	-	-	
Sanitation (in excess of free sanitation service to indigent households)							-	-	-	
Electricity/other energy (in excess of 50 kwh per indigent household per month)							-	-	-	
Refuse (in excess of one removal a week for indigent households)							-	-	-	
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>	6						818	867	919	

### **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 3 556 households to be registered as indigent in 2017/2018, and therefore entitled to receiving Free Basic Services. The number is set to remain the same over the MTREF.
4. It is anticipated that these Free Basic Services will cost the municipality R0.621 million per month or R 7.455 million in 2017/2018 increasing to R8.422 million in 2019/20. 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 is 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 (i.e. in August 2016) 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 31 August 2016. Key dates applicable to the process were:

- **August 2016** – 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 2017/2018 MTREF;
- **November 2016** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **12 to 26 January 2017** - 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 2017** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **24 February 2017** - Council considers the 2016/17 Mid-year Review and Adjustments Budget;

- **February 2017** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2017/18 MTREF is revised accordingly;
- **31 March 2017** - Tabling in Council of the draft 2017/2018 IDP and 2017/2018 MTREF for public consultation;
- **April 2017** – The draft 2017/2018 MTREF as tabled before Council on 31 March 2017 for community consultation was published on the municipality’s website, and hard copies have been made available at customer care offices, municipal notice boards and various libraries;
- **8 May 2017** - Closing date for written comments;
- **8 to 22 May 2017** – finalisation of the 2017/2018 IDP and 2017/2018 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 2017** - Tabling of the 2017/2018 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 a new IDP for the 2017 – 2022 financial period which will be adopted by Council in May 2017. It started in August 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/2018 MTREF.

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 2017/2018 MTREF, based on the approved 2016/17 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 2017/2018 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 2016/17 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 2017/18 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 2017/2018 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 2016/17 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 85 and 86 has been taken into consideration in the planning and prioritisation process.

### 2.1.4 Community Consultation

The draft 2017/2018 MTREF as tabled before Council on 31 March 2017 for community consultation was published on the municipality's website, and hard copies have been 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) have been 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.

The draft 2017/2018 MTREF as tabled before Council on 31 March 2017 for community consultation was published on the municipality's website, and hard copies have been made available at customer care offices, municipal notice boards and various libraries;

## 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 28 IDP Strategic Objectives**

2016/17 Financial Year	2017/2018 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 sectoral 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 2017/2018 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 29 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	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand													
<b>Basic Services</b>	<b>Provision &amp; maintenance of infrastructure &amp; basic services</b>	1											
	PUBLIC WORKS	1							1 060	60	60		
	WORKSHOP	5											
	HOUSING SERVICES	5											
	WATER TREATMENT WORKS	6											
	WATER	1							14 027	14 818	15 657		
	SEWERAGE	1							8 844	9 374	9 937		
	WASTE WATER TREATMENT WORKS	3											
	SOLID WASTE	3							6 082	6 447	6 834		
	ELECTRICITY	4							35 174	37 638	40 273		
	REFUSE DUPM	2											
<b>Municipal Institutional Development and Transformation</b>	<b>Social Services</b>												
	PARKS & RECREATION	2											
	TRAFFIC SERVICES	13							8 342	8 759	9 197		
	MUSEUM	12							6	6	6		
	LIBRARIES	8							1 680	1 680	1 445		
	CEMETERIES	9							27	29	31		
	PROPERTY SERVICES	15							290	307	326		
	ASSESSMENT RATES	8							9 495	10 065	10 669		
<b>Local Economic Development</b>	<b>Tourism</b>												
	LED AND IDP	3											
<b>Municipal Financial Viability and Management</b>	<b>To effectively manage the revenue and expenditure functions of the municipality</b>												
	FINANCE	17							7 594	7 849	7 869		
<b>Good Governance and Public Participation</b>	<b>Council</b>												
	MAYOR												
	COUNCIL EXPENSES	17							39 760	44 147	47 543		
	MUNICIPAL MANAGER	17											
	CORPORATE SERVICE	17							12	13	14		
<b>Allocations to other priorities</b>			2										
<b>Total Revenue (excluding capital transfers and contributions)</b>				1	-	-	-	-	-	-	132 394	141 192	149 860

**Table 30 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	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Basic Services	Provision & maintenance of infrastructure & basic services	1										
	PUBLIC WORKS	1								12 938	13 316	13 706
	WORKSHOP	5								484	516	550
	HOUSING SERVICES	5								850	907	967
	WATER TREATMENT WORKS	6										
	WATER	1								26 935	27 336	27 726
	SEWERAGE	1								10 936	11 202	11 481
	WASTE WATER TREATMENT WORKS	3										
	SOLID WASTE	3								8 600	8 768	8 948
	ELECTRICITY	4								28 545	30 308	32 181
REFUSE DUPM	2											
Municipal Institutional Development and Transformation	Social Services											
	PARKS & RECREATION	2								3 252	3 472	3 708
	TRAFFIC SERVICES	13								8 009	8 476	8 713
	MUSEUM	12								613	654	689
	LIBRARIES	8								1 768	1 838	1 938
	CEMETERIES	9								1 930	1 989	2 052
	PROPERTY SERVICES	15								4 070	4 231	4 404
ASSESSMENT RATES	8								1 925	2 975	1 935	
Local Economic Development	Tourism											
	LED AND IDP	3										
Municipal Financial Viability and Management	To effectively manage the revenue and expenditure functions of the municipality											
	FINANCE	17								18 204	19 130	20 118
Good Governance and Public Participation	Council											
	MAYOR									3 841	4 079	4 334
	COUNCIL EXPENSES	17								7 109	7 375	7 672
	MUNICIPAL MANAGER	17								2 695	2 839	2 993
CORPORATE SERVICE	17								6 589	6 991	7 398	
Allocations to other priorities												
Total Expenditure				1	-	-	-	-	-	149 292	156 403	161 512

**Table 31 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

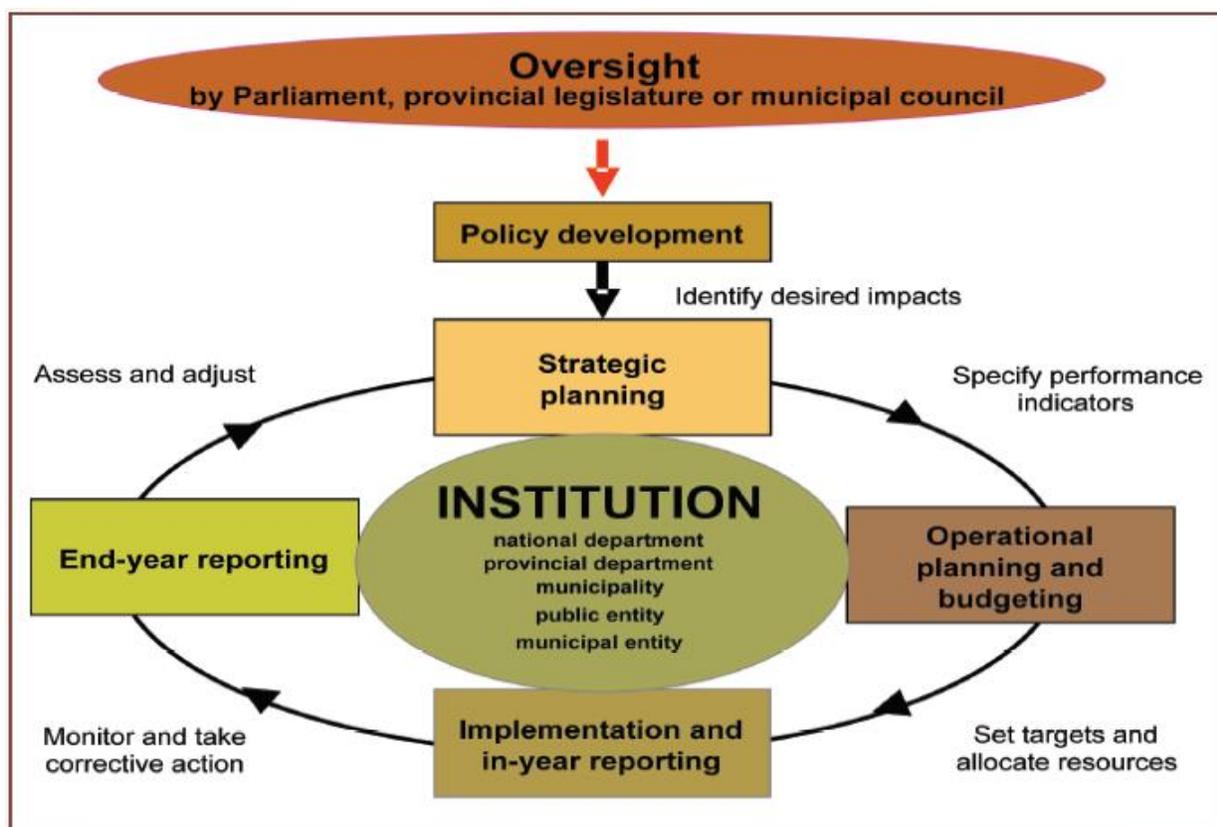
NC072 Umsobomvu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
<b>Basic Services</b>	<b>Provision &amp; maintenance of infrastructure &amp; basic services</b>	1										
	PUBLIC WORKS	1								11 031	-	-
	WORKSHOP	5										
	HOUSING SERVICES	5										
	WATER TREATMENT WORKS	6										
	WATER	1								4 000	11 420	11 831
	SEWERAGE	1										
	WASTE WATER TREATMENT WORKS	3										
	SOLID WASTE	3										
	ELECTRICITY	4								2 000	6 000	1 500
	REFUSE DUPM	2										
		4										
<b>Municipal Institutional Development and Transformation</b>	<b>Social Services</b>											
	PARKS & RECREATION	2										
	TRAFFIC SERVICES	13										
	MUSEUM	12										
	LIBRARIES	8										
	CEMETERIES	9								250	133	640
	PROPERTY SERVICES	15										
	ASSESSMENT RATES	8										
		17										
<b>Local Economic Development</b>	<b>Tourism</b>											
	LED AND IDP	3										
		7										
<b>Municipal Financial Viability and Management</b>	<b>To effectively manage the revenue and expenditure functions of the municipality</b>											
	FINANCE	17								3 500	1 300	1 410
<b>Good Governance and Public Participation</b>	<b>Council</b>											
	MAYOR											
	COUNCIL EXPENSES	17										
	MUNICIPAL MANAGER	17										
	CORPORATE SERVICE	17									180	185
		16										
<b>Allocations to other priorities</b>			3									
<b>Total Capital Expenditure</b>			1	-	-	-	-	-	-	20 781	19 032	15 567

## 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, assesses 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:



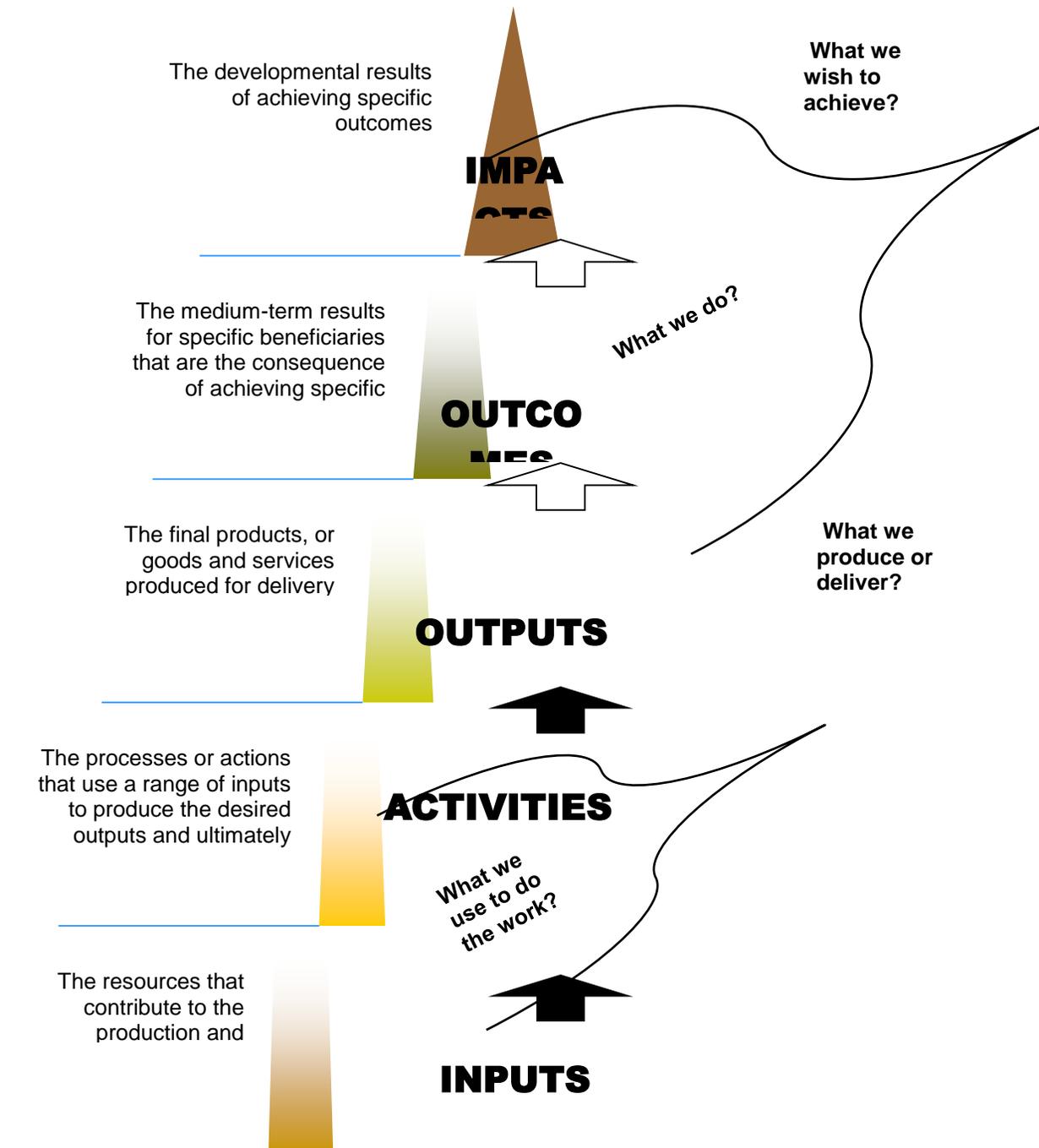
**Figure 4 Planning, budgeting and reporting cycle**

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 32 MBRR Table SA7 - Measurable performance objectives**

NC072 Umsobomvu - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Council</b>										
<b>Council and Municipal Manager</b>										
<b>Council</b>										
Annual performance reporting	Annual report and							100.0%	100.0%	100.0%
Approval of adjustments budget	Approval of adjustments							100.0%	100.0%	100.0%
Effective functioning of committee system	No of section 79							4.00	4.00	4.00
Effective functioning of MPAC	No of MPAC meetings							4.00	4.00	4.00
Effective functioning of ward committees	No of ward committee							12.00	12.00	12.00
Approval of final budget	Approval of final budget							100.0%	100.0%	100.0%
<b>Mayor</b>										
Approval of SDBIP	Approval of SDBIP before							100.0%	100.0%	100.0%
<b>Municipal Manager</b>										
Functional Internal Audit unit	Reviewed and approved							100.0%	100.0%	100.0%
Functional performance audit committee	No of meetings of the							4.00	4.00	4.00
Improved good governance	% implementation of anti-							4.00	4.00	4.00
Institutional performance management system	No of performance							0.0%	0.0%	0.0%
Municipality comply with all relevant	No of compliance							0.0%	0.0%	0.0%
<b>Finance</b>										
<b>Finance</b>										
Clean Audit	% of Root causes of							100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of total conditional							100.0%	100.0%	100.0%
Preparation of financial statements	Financial statements							100.0%	100.0%	100.0%
Updated indigent register for the provision of	Updated indigent register							100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of conditional capital							100.0%	100.0%	100.0%
New financial system	% procurement of new							100.0%	100.0%	100.0%
Improved revenue collection	% debt recovery rate							90.0%	90.0%	90.0%
Effective Supply Chain Management System	No of tenders							100.0%	100.0%	100.0%
Reduce section 32 expenditure	Value less < than R5m							100.0%	100.0%	100.0%
Asset Management	Compliance with GRAP							100.0%	100.0%	100.0%
<b>Sub-function 2 - (name)</b>										
Insert measure/s description										
<b>Sub-function 3 - (name)</b>										
Insert measure/s description										
<b>Corporate Services</b>										
<b>Corporate Services</b>										
<b>Sub-function 1 - (name)</b>										
Reaching of employment equity targets	% Target reached as per							100.0%	100.0%	100.0%
Targeted skills development	The % of budget spent on							100.0%	100.0%	100.0%
Effective labour relations	No of LLF meetings							4.00	4.00	4.00
Effective and update HR policies	Revision of all HR							100.0%	100.0%	100.0%
<b>Local Economic Development</b>										
Reviewed IDP	IDP reviewed annually							100.0%	100.0%	100.0%
Enhancement of economic development	Value of contracts signed							10.00	10.00	10.00
Employment through job creation initiatives	No of temporary jobs							10.00	10.00	10.00
<b>Community Services</b>										
Maintenance of halls and facilities	% of maintenance budget							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%
Maintenance of municipal roads	% of maintenance budget							100.0%	100.0%	100.0%
Maintenance of municipal roads (Reseal)	Kilometres of roads							2.00	2.00	2.00
Maintenance of refuse removal services	% of maintenance budget							100.0%	100.0%	100.0%
Maintenance of sanitation services	% of maintenance budget							100.0%	100.0%	100.0%
Maintenance of water assets	% of maintenance budget							100.0%	100.0%	100.0%
New water connections	No of new water							100.00	100.00	100.00
Replacement of existing water meters	No of meters replaced							100.00	100.00	100.00
Maintenance of electricity network	% of maintenance budget							100.00	100.00	100.00
New electricity connections	No of new electricity							10.00	10.00	10.00
Replacement of existing electricity meters	No of electricity meters							10.00	10.00	10.00
Maintenance of stormwater services	% of maintenance budget							100.0%	100.0%	100.0%
Insert measure/s description										
<b>Sub-function 3 - (name)</b>										
Insert measure/s description										
<b>And so on for the rest of the Votes</b>										

**Table 33 MBRR Table SA8 - Performance indicators and benchmarks**

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

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.2%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	0.4%	0.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	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%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	-	-	-	-	-	-	-	32.1	35.3	38.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	-	-	-	-	32.1	35.3	38.9
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	-	-	-	-	6.3	7.0	8.2
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	79.5%	79.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	79.5%	79.5%	79.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	91.7%	98.4%	105.1%
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))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.3%	7.7%	6.8%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	37.3%	37.4%	37.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	40.1%	40.2%	40.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	2.5%	2.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	19.7%	18.5%	17.4%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	-	-	-	-	-	-	-	38.6	40.7	43.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	171.4%	184.1%	196.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	-	-	3.5	3.8	4.4

### 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 2017/18 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 cost of borrowing is 0.8 per cent in 2017/2018 and decreases to 0.2 per cent in 2018/19. 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. 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 2017/2018 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 2017/2018 MTREF the current ratio is 32.1 in the 2017/2018 financial year and 35.3 and 38.9 for the two outer years of the MTREF. The municipality needs to seriously implement its credit control as this shows that the outstanding debtors of the municipality are extremely.

- *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 2016/17 financial year the ratio was 1 and as part of the financial planning strategy it has been stabilized at 6.3 in the 2017/18 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.

#### 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 2017/2018 financial year 3556 registered indigents have been provided for in the budget with this figured remaining the same throughout the MTREF. 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 27 MBRR A10 (Basic Service Delivery Measurement) on page 44.

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 May 2017 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 2017/2018 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 80 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 approved by Council in May 2017. 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 Policies was approved by Council in May 2017.

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

The Municipality's Cash Management and Investment Policy was approved by Council in May 2017. 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 was approved in May 2017.

#### **2.4.8 Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2017/2018 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 2016/17 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 2017 will be .7 per cent rising to .8 per cent by 2020.

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 2017/2018 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 33 per cent of total operating expenditure in the 2017/2018 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

### 2.5.3 Credit rating outlook

#### [Table 34 Credit rating outlook](#)

No credit rating has 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 the 2015/2016 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 2017/2018 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 (80 per cent) of annual billings. Cash flow is assumed to be 80 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**

According to the collective agreement regarding salaries/wages, a provision of 7.36 per cent has been made for the 2017/18 financial year.

### **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 100 per cent on the capital programme for the 2018/2018 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

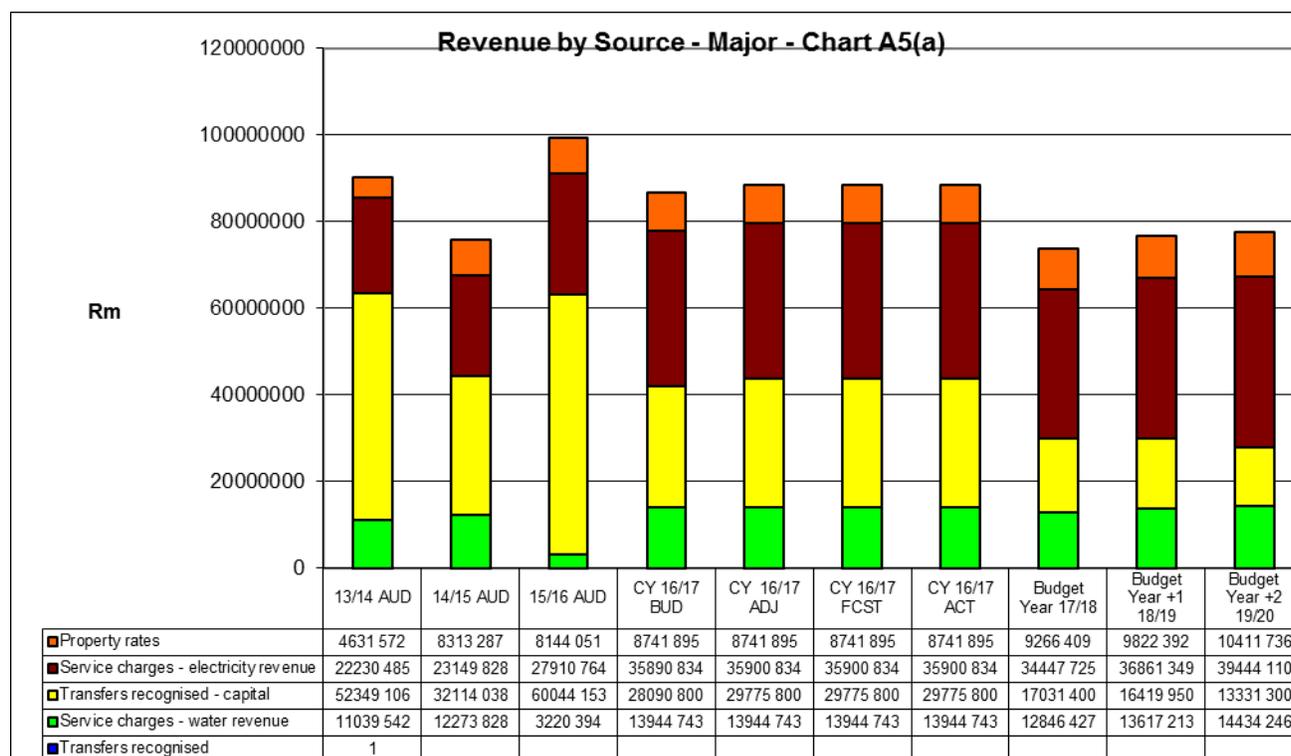
### 2.6.1 Medium-term outlook: operating revenue

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

Table 12 Summary of Operating Expenditure by Standard Classification Item

Expenditure by type	Current year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full year Forecast	Budget year 2017/2018	% Increase (Decrease)	Budget year +1 2018/2019	Budget year +2 2019/2020
<b>Employee Related Costs</b>	47 215 689.00	45 978 901.00	45 978 901.00	49 356 104.00	7.35%	52 787 897.00	56 459 961.00
<b>Remuneration of Councillors</b>	3 246 332.00	3 460 789.00	3 460 789.00	3 716 887.00	7.40%	3 977 070.00	4 255 464.00
<b>Debt Impaired</b>	6 194 054.00	11 388 256.00	11 388 256.00	11 387 767.00	0.00%	11 387 767.00	11 387 766.00
<b>Depreciation &amp; Asset Impairment</b>	29 406 915.00	29 442 204.00	29 442 204.00	25 827 264.00	-12.28%	25 827 264.00	25 827 264.00
<b>Finance Charges</b>	310 000.00	230 000.00	230 000.00	260 000.00	13.04%	260 000.00	260 000.00
<b>Bulk Purchases</b>	22 962 421.00	22 962 421.00	22 962 421.00	23 388 287.00	1.85%	25 043 767.00	26 772 330.00
<b>Other Materials</b>	-	-	-	-	-	-	-
<b>Contacted Services</b>	-	-	-	1 123 600.00	-	1 191 016.00	1 262 477.00
<b>Transfers and Grants</b>	9 536 950.00	6 777 352.00	6 777 352.00	-	-	-	-
<b>Other Expenditure</b>	34 537 489.00	35 062 000.00	35 062 000.00	34 211 599.00	-2.43%	35 908 584.00	35 266 690.00
<b>Loss on Disposable PPE</b>	20 000.00	20 000.00	20 000.00	20 000.00	0.00%	20 000.00	20 000.00
<b>Total Expenditure</b>	153 429 850.00	155 321 923.00	155 321 923.00	149 291 508.00	-3.88%	156 403 365.00	161 511 952.00

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.



**Figure 6 Breakdown of operating revenue over the 2017/18 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 80 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 2017/18 MTREF on the different revenue categories are:

**Table 36 Proposed tariff increases over the medium-term**

Table 36 Proposed Tariff Increase Over The Medium-term						
Revenue Category	2017/18 Proposed Tariff Increase	2018/19 Proposed Tariff Increase	2019/20 Proposed Tariff Increase	2015/16 Additional Revenue for Each 1% Tariff Increase	2016/17 Additional Revenue Owing To 1% Tariff Increase	2017/18 Total Budgeted Revenue
	%	%	%	R'000	R'000	R'000
Property Rates	6.00%	6.00%	6.00%	R 524	R 556	R 590
Sanitation	6.00%	6.00%	6.00%	R -1 406	R 497	R 527
Solid Waste	6.00%	6.00%	6.00%	R -988	R 345	R 366
Water	6.00%	6.00%	6.00%	R -1 099	R 771	R 817
Electricity	1.88%	7.00%	7.00%	R -1 453	R 2 413	R 2 583
<b>Total</b>				R -4 422	R 4 582	R 4 883

Revenue to be generated from property rates is R 9.266 million in the 2017/18 financial year and increases to R 10.412 million by 2019/20 which represents 7 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 still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered a strategic revenue source a general valuation process was undertaken in the 2014/15 financial year. The outcome of this initiative is 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 R61.327 million for the 2017/18 financial year and increasing to R69.646 million by 2016/17. For the 2017/18 financial year services charges amount to 46.32 per cent of the total revenue base and decreases by 0.03 and 0.18 per cent per annum over the medium-term. This decrease can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R44.920 million, R48.582 million and R51.765 million for each of the respective financial years of the MTREF, or 33.93, 34.41 and 34.54 per cent of operating revenue. The percentage of the total operational grants and transfers in relation to the total operating revenue is increasing 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 37 MBRR SA15 – Detail Investment Information**

NC072 Umsobomvu - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank								6 138	6 424	6 725
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>	1	-	-	-	-	-	-	6 138	6 424	6 725
<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>		-	-	-	-	-	-	6 138	6 424	6 725

**Table 38 MBRR SA16 – Investment particulars by maturity**

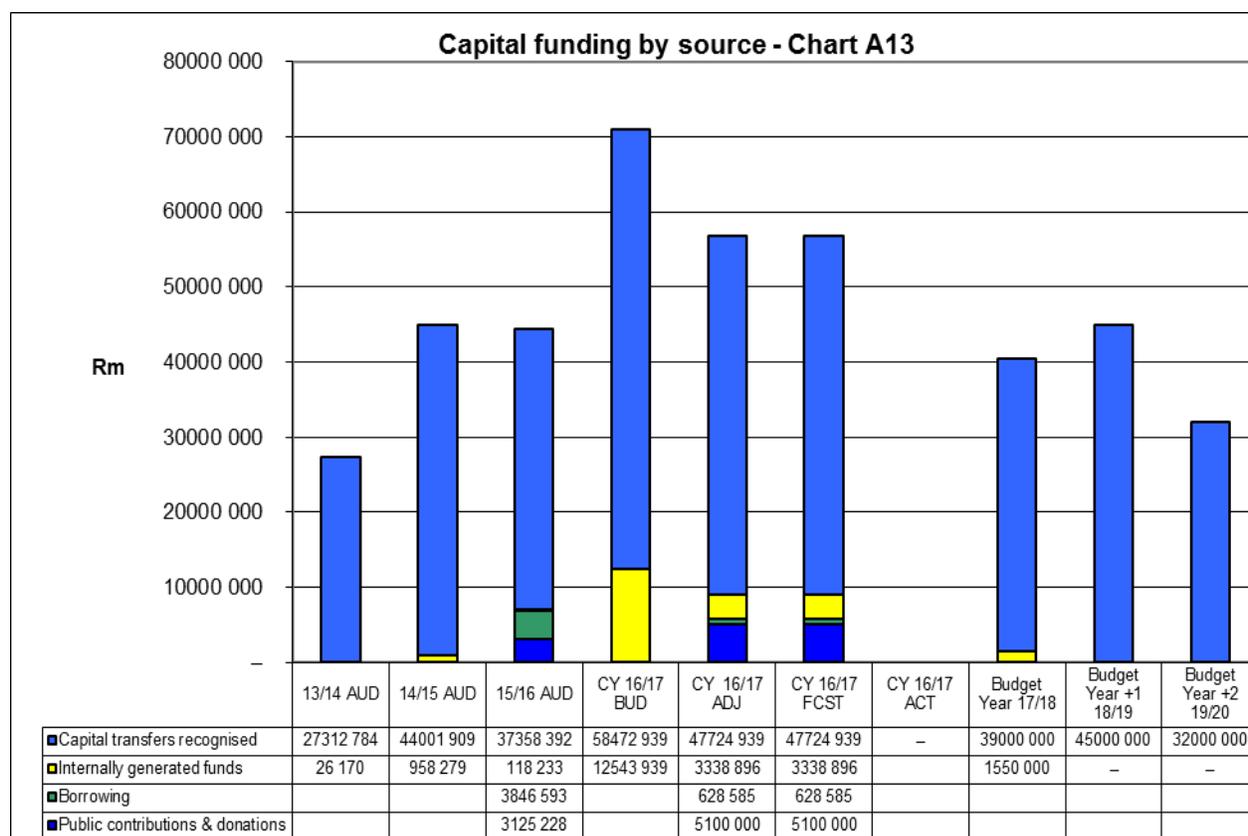
NC072 Umsobomvu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref:	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	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	1	Yrs/Months												
<b>Parent municipality</b>														
CAPITAL REPLACEMENT 1		3 Months	NOTICE		VARIABLE	0.0432				84	4			87
HOUSING DEVELOPMENT		3 Months	NOTICE		VARIABLE	0.0547				151	8			160
HOUSING DEVELOPMENT		3 Months	NOTICE		VARIABLE	0.027				24	1			25
CAPITAL REPLACEMENT 4		3 Months	NOTICE		VARIABLE	0.0558				144	8			152
CAPITAL REPLACEMENT		3 Months	NOTICE		VARIABLE	0.0509				13	1			13
CAPITAL REPLACEMENT 5		3 Months	NOTICE		VARIABLE	0.0524				451	24			474
					VARIABLE	0.0622				5 000	226			5 226
Municipality sub-total										5 867		-	-	6 138
<b>Entities</b>														
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									5 867		-	-	6 138

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 2017/18 medium-term capital programme:

**Table 39 Sources of capital revenue over the MTREF**



**Figure 7 Sources of capital revenue for the 2017/18 financial year**

Capital grants and receipts equates to 81.95 per cent of the total funding source which represents R17.031 million for the 2017/18 financial year and decrease to R13.331 million by 2019/20. Grants are decreasing by 21.73 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.

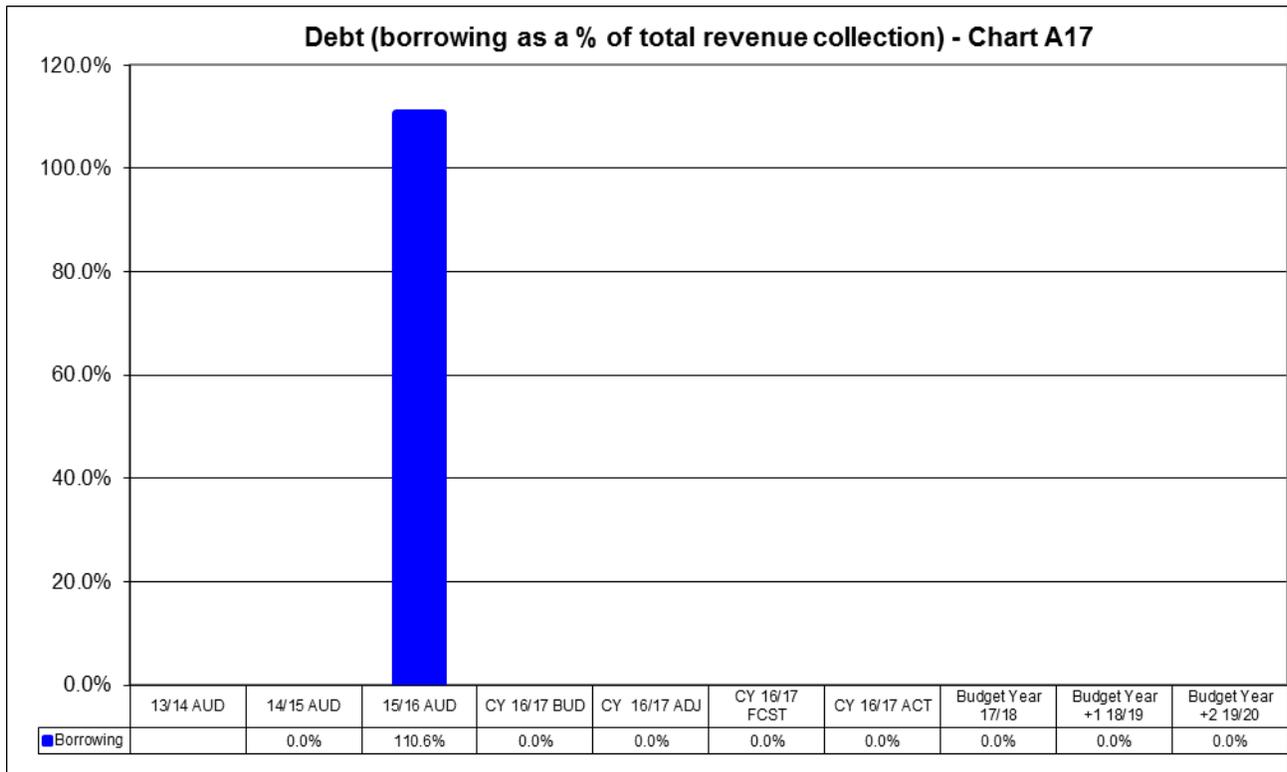
**[Table 40 MBRR Table SA 17 - Detail of borrowings](#)**

NC072 Umsobomvu - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Parent municipality</b>										
Annuity and Bullet Loans								979	77	
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>Municipality sub-total</b>	1	-	-	-	-	-	-	979	77	-
<b>Entities</b>										
Annuity and Bullet Loans										
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>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	-	-	-	-	-	-	979	77	-
<b>Unspent Borrowing - Categorised by type</b>										
<b>Parent municipality</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>Municipality sub-total</b>	1	-	-	-	-	-	-	-	-	-
<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>	1	-	-	-	-	-	-	-	-	-
<b>Total Unspent Borrowing</b>	1	-	-	-	-	-	-	-	-	-

The following graph illustrates the growth in outstanding borrowing for the 2013/14 to 2019/20 period.

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



**Table 41 MBRR Table SA 18 - Capital transfers and grant receipts****NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts**

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	43 241	46 903	50 321
Local Government Equitable Share								39 760	44 147	47 543
Finance Management								1 900	2 155	2 155
MIG ADMIN - PMU								581	601	623
EPWP Incentive								1 000		
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		-	-	-	-	-	-	1 679	1 679	1 444
Sport and Recreation								1 679	1 679	1 444
Other transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	-	-	-	-	-	-	44 920	48 582	51 765
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	17 031	16 420	13 331
Municipal Infrastructure Grant (MIG)								11 031	11 420	11 831
Integrated National Electrification Programme								2 000	5 000	1 500
Water Services Operating Subsidy								4 000		
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	-	-	-	-	-	-	17 031	16 420	13 331
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		-	-	-	-	-	-	61 951	65 002	65 096

## 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 understanding ability 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 provide 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 42 MBRR Table A7 - Budget cash flow statement**

NC072 Umsobomvu - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates									9 266	9 822	10 412
Service charges									46 856	49 944	53 238
Other revenue									14 123	14 575	15 059
Government - operating	1								44 920	48 582	51 765
Government - capital	1								17 031	16 420	13 331
Interest									2 116	2 189	2 276
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees									(110 673)	(117 717)	(122 754)
Finance charges									(260)	(260)	(260)
Transfers and Grants	1								-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	-	-	-	-	-	-	<b>23 380</b>	<b>23 555</b>	<b>23 066</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets									(20 781)	(19 032)	(15 567)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	-	-	-	-	-	-	<b>(20 781)</b>	<b>(19 032)</b>	<b>(15 567)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									170	185	193
<b>Payments</b>											
Repayment of borrowing									(979)	(77)	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-	<b>(809)</b>	<b>108</b>	<b>193</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	-	-	-	-	-	-	<b>1 789</b>	<b>4 631</b>	<b>7 692</b>
Cash/cash equivalents at the year begin:	2								28 154	29 943	34 574
Cash/cash equivalents at the year end:	2								29 943	34 574	42 266

The approved 2017/2018 MTREF provide for a further net increase in cash of R1.789 million for the 2017/18 year resulting in an overall projected positive cash position of R29.943 million at year end.

### 2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 86 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 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	29 943	34 574	42 266
Other current investments > 90 days		-	-	-	-	-	-	-	0	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29 943</b>	<b>34 574</b>	<b>42 266</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	-	-	-	-	-	(95 645)	(109 528)	(124 296)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(95 645)</b>	<b>(109 528)</b>	<b>(124 296)</b>
<b>Surplus(shortfall)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125 588</b>	<b>144 102</b>	<b>166 562</b>

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 86 – 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 requirements of the MFMA. Each of the measures is discussed below.

**Table 44 MBRR SA10 – Funding compliance measurement**

NC072 Umsobomvu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	-	-	-	-	-	-	-	29 943	34 574	42 266
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	-	-	-	-	-	-	125 588	144 102	166 562
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	-	-	-	-	3.5	3.8	4.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	-	-	-	-	-	-	134	1 209	1 679
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	0.5%	0.5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	80.8%	80.8%	80.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.1%	15.1%	14.2%
Capital payments % of capital expenditure	18(1)c,(19)	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr/(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.4%	13.4%
Long term receivables % change - incr/(decr)	18(1)a	12	N.A.	0.0%	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)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%	0.6%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Operating Revenue</b>			-	-	-	-	-	-	-	132 394	141 192	149 860
<b>Total Operating Expenditure</b>			-	-	-	-	-	-	-	149 292	156 403	161 512
<b>Operating Performance Surplus/(Deficit)</b>			-	-	-	-	-	-	-	(16 898)	(15 211)	(11 652)
<b>Cash and Cash Equivalents (30 June 2012)</b>										29 943		
<b>Revenue</b>												
% Increase in Total Operating Revenue				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.6%	6.1%
% Increase in Property Rates Revenue				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.0%	6.0%
% Increase in Electricity Revenue				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.0%	7.0%
% Increase in Property Rates & Services Charges				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.5%	6.5%
<b>Expenditure</b>												
% Increase in Total Operating Expenditure				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.8%	3.3%
% Increase in Employee Costs				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.0%	7.0%
% Increase in Electricity Bulk Purchases				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.0%	7.0%
Average Cost Per Budgeted Employee Position (Remuneration)				0	0					248020.6231		
Average Cost Per Councillor (Remuneration)				0	0					0		
R&M % of PPE				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%	0.6%
Asset Renewal and R&M as a % of PPE				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%
Debt Impairment % of Total Billable Revenue				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.1%	15.1%	14.2%
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)				-	-	-	-	-	-	3 750	2 613	2 235
Borrowing (R'000)				-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)				-	-	-	-	-	-	17 031	16 420	13 331
Internally Generated funds % of Non Grant Funding				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	82.0%	86.3%	85.6%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)				-	-	-	-	-	-	20 781	19 032	15 567
Asset Renewal				-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	80.8%	80.8%	80.7%
Cash Coverage Ratio				-	-	-	-	-	-	0	0	0
<b>Borrowing</b>												
Credit Rating (2009/10)										0		
Capital Charges to Operating				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.2%	0.2%
Borrowing Receipts % of Capital Expenditure				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>												
Surplus/(Deficit)				-	-	-	-	-	-	125 588	144 102	166 562
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.7%	17.9%	17.7%
Free Services as a % of Operating Revenue (excl operational transfers)				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.9%	0.9%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue				-	-	-	-	-	-	132 394	141 192	149 860
Total Operating Expenditure				-	-	-	-	-	-	149 292	156 403	161 512
Surplus/(Deficit) Budgeted Operating Statement				-	-	-	-	-	-	(16 898)	(15 211)	(11 652)
Surplus/(Deficit) Considering Reserves and Cash Backing				-	-	-	-	-	-	125 588	144 102	166 562
MTREF Funded (1) / Unfunded (0)				15	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded *				15	✓	✓	✓	✓	✓	✓	✓	✓

#### *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 2017/2018 MTREF shows R29.943 million, R34.574 million and R42.266 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 14, on page 36. 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. As part of the 2017/2018 MTREF the municipalities improving cash position causes the ratio to move upwards. 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 2017/2018 MTREF the indicative outcome is a surplus of R0.134 million, R1.209 million and R1.679 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 0.5 and remains the same throughout the MREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 1.88 per cent, with the increase in electricity at 1.88 per cent it is to be expected that the increase in revenue will not 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 80.8 per cent for each of the respective financial years. Given that the assumed collection rate was based on an 80 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 16.1, 15.1 and 14.2 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 67.

*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 are 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 91.

*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 45 MBRR SA34b on page 92.

## 2.7 Expenditure on grants and reconciliations of unspent funds

### Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

NC072 Umsobomvu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants:</b>										
<b>National Government:</b>		-	-	-	-	-	-	43 241	46 903	50 321
Local Government Equitable Share								39 760	44 147	47 543
Finance Management								1 900	2 155	2 155
MIG ADMIN - PMU								581	601	623
EPWP Incentive								1 000		
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		-	-	-	-	-	-	1 679	1 679	1 444
Sport and Recreation								1 679	1 679	1 444
Other transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total operating expenditure of Transfers and Grants</b>		-	-	-	-	-	-	44 920	48 582	51 765
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	17 031	16 420	13 331
Municipal Infrastructure Grant (MIG)								11 031	11 420	11 831
Integrated National Electrification Programme								2 000	5 000	1 500
Water Services Operating Subsidy								4 000		
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		-	-	-	-	-	-	17 031	16 420	13 331
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		-	-	-	-	-	-	61 951	65 002	65 096

**Table 46 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	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts								43 241	46 903	50 321
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	43 241	46 903	50 321
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts								1 679	1 679	1 444
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	1 679	1 679	1 444
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>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		-	-	-	-	-	-	44 920	48 582	51 765
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts								17 031	16 420	13 331
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	17 031	16 420	13 331
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</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>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		-	-	-	-	-	-	17 031	16 420	13 331
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		-	-	-	-	-	-	61 951	65 002	65 096
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	-

## **2.8 Councillor and employee benefits**

### **[Table 47 MBRR SA22 - Summary of councillor and staff benefits](#)**

NC072 Umsobomvu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages							3 289	3 549	3 827	
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance							177	177	177	
Cellphone Allowance							251	251	251	
Housing Allowances										
Other benefits and allowances										
<b>Sub Total - Councillors</b>							<b>3 717</b>	<b>3 977</b>	<b>4 255</b>	
<b>% increase</b>	4							<b>7.0%</b>	<b>7.0%</b>	
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages							3 626	3 880	4 151	
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3						455	455	455	
Cellphone Allowance	3									
Housing Allowances	3						36	36	36	
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>							<b>4 116</b>	<b>4 370</b>	<b>4 642</b>	
<b>% increase</b>	4							<b>6.2%</b>	<b>6.2%</b>	
<b>Other Municipal Staff</b>										
Basic Salaries and Wages							32 528	34 805	37 242	
Pension and UIF Contributions							5 776	6 180	6 612	
Medical Aid Contributions							1 014	1 086	1 163	
Overtime							1 827	1 955	2 092	
Performance Bonus										
Motor Vehicle Allowance	3						173	217	264	
Cellphone Allowance	3									
Housing Allowances	3						239	259	279	
Other benefits and allowances	3						635	680	727	
Payments in lieu of leave							2 705	2 895	3 098	
Long service awards										
Post-retirement benefit obligations	6						341	341	341	
<b>Sub Total - Other Municipal Staff</b>							<b>45 240</b>	<b>48 418</b>	<b>51 818</b>	
<b>% increase</b>	4							<b>7.0%</b>	<b>7.0%</b>	
<b>Total Parent Municipality</b>							<b>53 073</b>	<b>56 765</b>	<b>60 715</b>	
								<b>7.0%</b>	<b>7.0%</b>	
<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Board Members of Entities</b>										
<b>% increase</b>	4									
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Entities</b>										
<b>% increase</b>	4									
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Staff of Entities</b>										
<b>% increase</b>	4									
<b>Total Municipal Entities</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>							<b>53 073</b>	<b>56 765</b>	<b>60 715</b>	
<b>% increase</b>	4							<b>7.0%</b>	<b>7.0%</b>	
<b>TOTAL MANAGERS AND STAFF</b>	5,7						<b>49 356</b>	<b>52 788</b>	<b>56 460</b>	



**Table 49 MBRR SA24 – Summary of personnel numbers****NC072 Umsobomvu - Supporting Table SA24 Summary of personnel numbers**

Summary of Personnel Numbers Number	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3						4	-	4	
Other Managers	7						8	4	4	
Professionals		-	-	-	-	-	32	25	7	
<i>Finance</i>							10	10	-	
<i>Spatial/town planning</i>							1	1	-	
<i>Information Technology</i>							-	-	-	
<i>Roads</i>							-	-	-	
<i>Electricity</i>							2	2	-	
<i>Water</i>							1	1	-	
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>							18	11	7	
Technicians		-	-	-	-	-	11	9	2	
<i>Finance</i>										
<i>Spatial/town planning</i>							-	-	-	
<i>Information Technology</i>							-	-	-	
<i>Roads</i>							-	-	-	
<i>Electricity</i>							-	-	-	
<i>Water</i>							-	-	-	
<i>Sanitation</i>							-	-	-	
<i>Refuse</i>							-	-	-	
<i>Other</i>							11	9	2	
Clerks (Clerical and administrative)							13	10	3	
Service and sales workers							35	31	4	
Skilled agricultural and fishery workers							-	-	-	
Craft and related trades							-	-	-	
Plant and Machine Operators							7	7	-	
Elementary Occupations							89	86	3	
<b>TOTAL PERSONNEL NUMBERS</b>	9	-	-	-	-	-	199	172	27	
<b>% increase</b>					-	-	-	-	-	
<b>Total municipal employees headcount</b>	6, 10									
Finance personnel headcount	8, 10						34	31	3	
Human Resources personnel headcount	8, 10						165	141	24	

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

**Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure**

NC072 Umsobomvu - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>																
Property rates		772	772	772	772	772	772	772	772	772	772	772	772	9 266	9 822	10 412
Service charges - electricity revenue		3 201	3 201	3 201	3 201	3 201	3 201	3 201	3 201	3 201	3 201	3 201	(767)	34 448	36 861	39 444
Service charges - water revenue		1 232	1 232	1 232	1 232	1 232	1 232	1 232	1 232	1 232	1 232	1 232	(703)	12 846	13 617	14 434
Service charges - sanitation revenue		856	856	856	856	856	856	856	856	856	856	856	(1 131)	8 284	8 781	9 308
Service charges - refuse revenue		595	595	595	595	595	595	595	595	595	595	595	(796)	5 749	6 094	6 460
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		23	23	23	23	23	23	23	23	23	23	23	23	271	286	301
Interest earned - external investments		47	47	47	47	47	47	47	47	47	47	47	47	560	560	570
Interest earned - outstanding debtors		205	205	205	205	205	205	205	205	205	205	205	(59)	2 197	2 299	2 409
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		489	489	489	489	489	489	489	489	489	489	489	718	6 093	6 399	6 720
Licences and permits		190	190	190	190	190	190	190	190	190	190	190	190	2 285	2 399	2 519
Agency services		18	18	18	18	18	18	18	18	18	18	18	18	218	229	240
Transfers and subsidies		3 660	3 660	3 660	3 660	3 660	3 660	3 660	3 660	3 660	3 660	3 660	4 660	44 920	48 582	51 765
Other revenue		438	438	438	438	438	438	438	438	438	438	438	438	5 256	5 262	5 278
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>11 726</b>	<b>11 726</b>	<b>11 726</b>	<b>11 726</b>	<b>11 726</b>	<b>11 726</b>	<b>11 726</b>	<b>11 726</b>	<b>11 726</b>	<b>11 726</b>	<b>11 726</b>	<b>3 409</b>	<b>132 394</b>	<b>141 192</b>	<b>149 860</b>
<b>Expenditure By Type</b>																
Employee related costs		4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 121	49 356	52 788	56 460
Remuneration of councillors		271	271	271	271	271	271	271	271	271	271	271	741	3 717	3 977	4 255
Debt impairment		949	949	949	949	949	949	949	949	949	949	949	949	11 388	11 388	11 388
Depreciation & asset impairment		2 152	2 152	2 152	2 152	2 152	2 152	2 152	2 152	2 152	2 152	2 152	2 152	25 827	25 827	25 827
Finance charges		22	22	22	22	22	22	22	22	22	22	22	22	260	260	260
Bulk purchases		2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	678	23 388	25 044	26 772
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-	-	-	1 124	1 124	1 191	1 262
Transfers and subsidies		612	612	612	612	612	612	612	612	612	612	612	(6 735)	-	-	-
Other expenditure		2 945	2 945	2 945	2 945	2 945	2 945	2 945	2 945	2 945	2 945	2 945	1 821	34 212	35 909	35 267
Loss on disposal of PPE		2	2	2	2	2	2	2	2	2	2	2	2	20	20	20
<b>Total Expenditure</b>		<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>4 874</b>	<b>149 292</b>	<b>156 403</b>	<b>161 512</b>
<b>Surplus/(Deficit)</b>																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	503	17 031	16 420	13 331
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>(963)</b>	<b>134</b>	<b>1 209</b>	<b>1 679</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>(963)</b>	<b>134</b>	<b>1 209</b>	<b>1 679</b>

**Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

**NC072 Umsobomvu - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)**

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>																
Vote 1 - EXECUTIVE & COUNCIL		3 313	3 313	3 313	3 313	3 313	3 313	3 313	3 313	3 313	3 313	3 313	3 313	39 760	44 147	47 543
Vote 2 - FINANCE & ADMIN		1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	17 102	17 927	18 552
Vote 3 - COMMUNITY SERVICES		862	862	862	862	862	862	862	862	862	862	862	862	10 345	10 781	11 004
Vote 4 - TECHNICAL SERVICES		7 628	7 628	7 628	7 628	7 628	7 628	7 628	7 628	7 628	7 628	7 628	(1 689)	82 219	84 757	86 092
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>13 229</b>	<b>13 229</b>	<b>13 229</b>	<b>13 229</b>	<b>13 229</b>	<b>13 229</b>	<b>13 229</b>	<b>13 229</b>	<b>13 229</b>	<b>13 229</b>	<b>13 229</b>	<b>3 911</b>	<b>149 425</b>	<b>157 612</b>	<b>163 191</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - EXECUTIVE & COUNCIL		1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	(5 159)	13 645	14 294	14 999
Vote 2 - FINANCE & ADMIN		2 226	2 226	2 226	2 226	2 226	2 226	2 226	2 226	2 226	2 226	2 226	2 226	26 718	29 095	29 450
Vote 3 - COMMUNITY SERVICES		1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	20 491	21 569	22 471
Vote 4 - TECHNICAL SERVICES		7 485	7 485	7 485	7 485	7 485	7 485	7 485	7 485	7 485	7 485	7 485	6 099	88 438	91 446	94 592
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>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>13 129</b>	<b>4 874</b>	<b>149 292</b>	<b>156 403</b>	<b>161 512</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>(963)</b>	<b>134</b>	<b>1 209</b>	<b>1 679</b>
Taxation																
Attributable to minorities																
Share of surplus/ (deficit) of associate																
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>(963)</b>	<b>134</b>	<b>1 209</b>	<b>1 679</b>

**Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

**NC072 Umsobomvu - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (functional classification)**

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
<b>Revenue - Functional</b>																	
<b>Governance and administration</b>		4 738	4 738	4 738	4 738	4 738	4 738	4 738	4 738	4 738	4 738	4 738	4 738	56 862	62 074	66 095	
Executive and council		3 313	3 313	3 313	3 313	3 313	3 313	3 313	3 313	3 313	3 313	3 313	3 313	39 760	44 147	47 543	
Finance and administration		1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	17 102	17 927	18 552	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Community and public safety</b>		862	862	862	862	862	862	862	862	862	862	862	862	10 345	10 781	11 004	
Community and social services		167	167	167	167	167	167	167	167	167	167	167	167	2 003	2 022	1 807	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public safety		695	695	695	695	695	695	695	695	695	695	695	695	8 342	8 759	9 197	
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	12 092	60	60	
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Road transport		1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	12 092	60	60	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>		6 620	6 620	6 620	6 620	6 620	6 620	6 620	6 620	6 620	6 620	6 620	(2 697)	70 127	84 697	86 032	
Energy sources		3 432	3 432	3 432	3 432	3 432	3 432	3 432	3 432	3 432	3 432	3 432	(572)	37 174	42 638	41 773	
Water management		1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	(271)	18 027	26 238	27 488	
Waste water management		903	903	903	903	903	903	903	903	903	903	903	(1 084)	8 844	9 374	9 937	
Waste management		623	623	623	623	623	623	623	623	623	623	623	(769)	6 082	6 447	6 834	
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue - Functional</b>		13 229	13 229	13 229	13 229	13 229	13 229	13 229	13 229	13 229	13 229	13 229	3 911	149 425	157 612	163 191	
<b>Expenditure - Functional</b>																	
<b>Governance and administration</b>		3 936	3 936	3 936	3 936	3 936	3 936	3 936	3 936	3 936	3 936	3 936	(2 932)	40 362	43 389	44 449	
Executive and council		1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	(5 159)	13 645	14 294	14 999	
Finance and administration		2 226	2 226	2 226	2 226	2 226	2 226	2 226	2 226	2 226	2 226	2 226	2 226	26 718	29 095	29 450	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Community and public safety</b>		1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	20 491	21 569	22 471	
Community and social services		698	698	698	698	698	698	698	698	698	698	698	698	8 381	8 713	9 083	
Sport and recreation		271	271	271	271	271	271	271	271	271	271	271	271	3 252	3 472	3 708	
Public safety		667	667	667	667	667	667	667	667	667	667	667	667	8 009	8 476	8 713	
Housing		71	71	71	71	71	71	71	71	71	71	71	71	850	907	967	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	13 422	13 832	14 256	
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Road transport		1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	13 422	13 832	14 256	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>		6 367	6 367	6 367	6 367	6 367	6 367	6 367	6 367	6 367	6 367	6 367	4 981	75 016	77 614	80 335	
Energy sources		2 494	2 494	2 494	2 494	2 494	2 494	2 494	2 494	2 494	2 494	2 494	1 108	28 545	30 308	32 181	
Water management		2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	26 935	27 336	27 726	
Waste water management		911	911	911	911	911	911	911	911	911	911	911	911	10 936	11 202	11 481	
Waste management		717	717	717	717	717	717	717	717	717	717	717	717	8 600	8 768	8 948	
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure - Functional</b>		13 129	13 129	13 129	13 129	13 129	13 129	13 129	13 129	13 129	13 129	13 129	4 874	149 292	156 403	161 512	
<b>Surplus/(Deficit) before assoc.</b>		100	100	100	100	100	100	100	100	100	100	100	(963)	134	1 209	1 679	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit)</b>	1	100	100	100	100	100	100	100	100	100	100	100	(963)	134	1 209	1 679	

**Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

**NC072 Umsobomvu - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)**

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>	1															
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]													-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - EXECUTIVE & COUNCIL													-	-	-	-
Vote 2 - FINANCE & ADMIN		291 700.00	292	292	292	292	292	292	292	292	292	291	3 500	1 480	1 595	
Vote 3 - COMMUNITY SERVICES		21	21	21	21	21	21	21	21	21	21	21	250	133	640	
Vote 4 - TECHNICAL SERVICES		1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	17 031	17 420	13 331	
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>	2	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	20 781	19 032	15 567	
<b>Total Capital Expenditure</b>	2	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	20 781	19 032	15 567	

**Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)****NC072 Umsobomvu - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (functional classification)**

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure - Functional</b>	1															
<b>Governance and administration</b>		292	292	292	292	292	292	292	292	292	292	292	291	3 500	1 480	1 595
Executive and council													-	-	-	-
Finance and administration		292	292	292	292	292	292	292	292	292	292	292	291	3 500	1 480	1 595
Internal audit													-	-	-	-
<b>Community and public safety</b>		21	21	21	21	21	21	21	21	21	21	21	21	250	133	640
Community and social services		21	21	21	21	21	21	21	21	21	21	21	21	250	133	640
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<b>Economic and environmental services</b>		919	919	919	919	919	919	919	919	919	919	919	919	11 031	-	-
Planning and development													-	-	-	-
Road transport		919	919	919	919	919	919	919	919	919	919	919	919	11 031	-	-
Environmental protection													-	-	-	-
<b>Trading services</b>		500	500	500	500	500	500	500	500	500	500	500	500	6 000	17 420	13 331
Energy sources		167	167	167	167	167	167	167	167	167	167	167	166	2 000	6 000	1 500
Water management		333	333	333	333	333	333	333	333	333	333	333	334	4 000	11 420	11 831
Waste water management													-	-	-	-
Waste management													-	-	-	-
<b>Other</b>													-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	20 781	19 032	15 567
<b>Funded by:</b>																
National Government		1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	17 031	16 420	13 331
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
<b>Transfers recognised - capital</b>		1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	1 419	17 031	16 420	13 331
<b>Public contributions &amp; donations</b>													-	-	-	-
<b>Borrowing</b>													-	-	-	-
<b>Internally generated funds</b>		313	313	313	313	313	313	313	313	313	313	313	313	3 750	2 613	2 235
<b>Total Capital Funding</b>		1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	20 781	19 032	15 567

**Table 55 MBRR SA30 - Budgeted monthly cash flow**

**NC072 Umsobomvu - Supporting Table SA30 Consolidated budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash Receipts By Source</b>													1			
Property rates		772	772	772	772	772	772	772	772	772	772	772	772	9 266	9 822	10 412
Service charges - electricity revenue		2 297	2 297	2 297	2 297	2 297	2 297	2 297	2 297	2 297	2 297	2 297	2 297	27 568	29 489	31 555
Service charges - water revenue		803	803	803	803	803	803	803	803	803	803	803	803	9 635	10 213	10 826
Service charges - sanitation revenue		518	518	518	518	518	518	518	518	518	518	518	518	6 213	6 586	6 981
Service charges - refuse revenue		287	287	287	287	287	287	287	287	287	287	287	288	3 450	3 657	3 876
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		23	23	23	23	23	23	23	23	23	23	23	23	271	286	301
Interest earned - external investments		47	47	47	47	47	47	47	47	47	47	47	47	560	560	570
Interest earned - outstanding debtors		130	130	130	130	130	130	130	130	130	130	130	130	1 556	1 629	1 706
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		489	489	489	489	489	489	489	489	489	489	489	718	6 093	6 399	6 720
Licences and permits		190	190	190	190	190	190	190	190	190	190	190	190	2 285	2 399	2 519
Agency services		18	18	18	18	18	18	18	18	18	18	18	18	218	229	240
Transfer receipts - operational		3 660	3 660	3 660	3 660	3 660	3 660	3 660	3 660	3 660	3 660	3 660	4 660	44 920	48 582	51 765
Other revenue		438	438	438	438	438	438	438	438	438	438	438	438	5 256	5 262	5 278
<b>Cash Receipts by Source</b>		<b>9 671</b>	<b>10 900</b>	<b>117 281</b>	<b>125 113</b>	<b>132 749</b>										
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital		1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	503		17 031	16 420	13 331
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		14	14	14	14	14	14	14	14	14	14	14	14	170	185	193
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>11 188</b>	<b>11 417</b>	<b>134 483</b>	<b>141 718</b>	<b>146 273</b>										
<b>Cash Payments by Type</b>																
Employee related costs		4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 121		49 356	52 788	56 460
Remuneration of councillors		310	310	310	310	310	310	310	310	310	310	310		3 717	3 977	4 255
Finance charges		22	22	22	22	22	22	22	22	22	22	22		260	260	260
Bulk purchases - Electricity		1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923	1 923		23 078	24 694	26 422
Bulk purchases - Water & Sewer		26	26	26	26	26	26	26	26	26	26	26		310	350	350
Other materials		-	-	-	-	-	-	-	-	-	-	-		-	-	-
Contracted services		-	-	-	-	-	-	-	-	-	-	-		-	-	-
Transfers and grants - other municipalities		-	-	-	-	-	-	-	-	-	-	-		-	-	-
Transfers and grants - other		-	-	-	-	-	-	-	-	-	-	-		-	-	-
Other expenditure		2 851	2 851	2 851	2 851	2 851	2 851	2 851	2 851	2 851	2 851	2 851		34 212	35 909	35 267
<b>Cash Payments by Type</b>		<b>9 244</b>	<b>9 253</b>	<b>110 933</b>	<b>117 977</b>	<b>123 014</b>										
<b>Other Cash Flows/Payments by Type</b>																
Capital assets		1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732		20 781	19 032	15 567
Repayment of borrowing		82	82	82	82	82	82	82	82	82	82	82		979	77	-
Other Cash Flows/Payments		-	-	-	-	-	-	-	-	-	-	-		-	-	-
<b>Total Cash Payments by Type</b>		<b>11 057</b>	<b>11 066</b>	<b>132 694</b>	<b>137 086</b>	<b>138 581</b>										
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>131</b>	<b>351</b>	<b>1 789</b>	<b>4 631</b>	<b>7 692</b>										
Cash/cash equivalents at the month/year begin:		28 154	28 285	28 415	28 546	28 677	28 808	28 938	29 069	29 200	29 331	29 461	29 592	28 154	29 943	34 574
Cash/cash equivalents at the month/year end:		28 285	28 415	28 546	28 677	28 808	28 938	29 069	29 200	29 331	29 461	29 592	29 943	29 943	34 574	42 266

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

The final 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 58 MBRR SA 34a - Capital expenditure on new assets by asset class**

NC072 Umsobomvu - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class											
R thousand	Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework				
			2013/14 Audited Outcome	2014/15 Audited Outcome	2015/16 Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
	<b>Infrastructure</b>								17 031	17 420	13 331
	Roads Infrastructure								11 031		
	Roads										
	Road Structures										
	Road Furniture										
	Capital Spares										
	Storm water Infrastructure										
	Drainage Collection										
	Storm water Conveyance										
	Attenuation										
	Electrical Infrastructure								2 000	6 000	1 500
	Power Plants										
	HV Substations										
	HV Switching Station										
	HV Transmission Conductors								2 000	6 000	1 500
	MV Substations										
	MV Switching Stations										
	MV Networks										
	LV Networks										
	Capital Spares										
	Water Supply Infrastructure								4 000	11 420	11 831
	Dams and Weirs										
	Boreholes										
	Reservoirs										
	Pump Stations										
	Water Treatment Works										
	Bulk Mains										
	Distribution								4 000	11 420	11 831
	Distribution Points										
	PRV Stations										
	Capital Spares										
	Sanitation Infrastructure										
	Pump Station										
	Reticulation										
	Waste Water Treatment Works										
	Outfall Sewers										
	Toilet Facilities										
	Capital Spares										
	Solid Waste Infrastructure										
	Landfill Sites										
	Waste Transfer Stations										
	Waste Processing Facilities										
	Waste Drop-off Points										
	Waste Separation Facilities										
	Electricity Generation Facilities										
	Capital Spares										
	Rail Infrastructure										
	Rail Lines										
	Rail Structures										
	Rail Furniture										
	Drainage Collection										
	Storm water Conveyance										
	Attenuation										
	MV Substations										
	LV Networks										
	Capital Spares										
	Coastal Infrastructure										
	Sand Pumps										
	Piers										
	Revetments										
	Promenades										
	Capital Spares										
	Information and Communication Infrastructure										
	Data Centres										
	Core Layers										
	Distribution Layers										
	Capital Spares										
	<b>Community Assets</b>								250	133	640
	Community Facilities								250	133	640
	Halls										
	Centres										
	Crèches										
	Clinics/Care Centres										
	Fire/Ambulance Stations										
	Testing Stations										
	Museums										
	Galleries										
	Theatres										
	Libraries										
	Cemeteries/Crematoria								250	133	640
	Police										
	Public										
	Public Open Space										
	Nature Reserves										
	Public Ablution Facilities										
	Markets										
	Stalls										
	Abattoirs										
	Airports										
	Taxi Ranks/Bus Terminals										
	Capital Spares										
	Sport and Recreation Facilities										
	Indoor Facilities										
	Outdoor Facilities										
	Capital Spares										
	<b>Heritage Assets</b>										
	Monuments										
	Historic Buildings										
	Works of Art										
	Conservation Areas										
	Other Heritage										
	<b>Investment Properties</b>										
	Revenue Generating										
	Improved Property										
	Unimproved Property										
	Non-revenue Generating										
	Improved Property										
	Unimproved Property										
	<b>Other Assets</b>										
	Operational Buildings										
	Municipal Offices										
	Pay/Enquiry Points										
	Building Plan Offices										
	Workshops										
	Yards										
	Stores										
	Laboratories										
	Training Centres										
	Manufacturing Plant										
	Depots										
	Capital Spares										
	Housing										
	Staff Housing										
	Social Housing										
	Capital Spares										
	<b>Biological or Cultivated Assets</b>										
	Biological or Cultivated Assets										
	<b>Intangible Assets</b>								3 500	1 300	1 410
	Service/Leases										
	Licences and Rights								3 500	1 300	1 410
	Water Rights										
	Effluent Licences										
	Solid Waste Licences										
	Computer Software and Applications								3 500	1 300	1 410
	Local Settlement Software Applications										
	Unspecified										
	<b>Computer Equipment</b>										
	Computer Equipment										
	<b>Furniture and Office Equipment</b>										
	Furniture and Office Equipment										
	<b>Machinery and Equipment</b>										
	Machinery and Equipment										
	<b>Transport Assets</b>									180	185
	Transport Assets									180	185
	<b>Libraries</b>										
	Libraries										
	<b>Zoo's, Marine and Non-biological Animals</b>										
	Zoo's, Marine and Non-biological Animals										
	<b>Total Capital Expenditure on new assets</b>	1							20 781	19 032	15 567

**Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

NC072 Umsobomvu - Supporting Table SA34b Consolidated capital expenditure on the renewal of existing assets by asset class											
R thousand	Description	Ref 1	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure on renewal of existing assets by Asset Class/Sub-class</b>											
<b>Infrastructure</b>											
	Roads Infrastructure										
	Roads										
	Road Structures										
	Road Furniture										
	Capital Spares										
	Storm water Infrastructure										
	Drainage Collection										
	Storm water Conveyance										
	Attenuation										
	Electrical Infrastructure										
	Power Plants										
	HV Substations										
	HV Switching Station										
	HV Transmission Conductors										
	MV Substations										
	MV Switching Stations										
	MV Networks										
	LV Networks										
	Capital Spares										
	Water Supply Infrastructure										
	Dams and Weirs										
	Boreholes										
	Reservoirs										
	Pump Stations										
	Water Treatment Works										
	Bulk Mains										
	Distribution										
	Distribution Points										
	PRV Stations										
	Capital Spares										
	Sanitation Infrastructure										
	Pump Station										
	Reticulation										
	Waste Water Treatment Works										
	Outfall Sewers										
	Toilet Facilities										
	Capital Spares										
	Solid Waste Infrastructure										
	Landfill Sites										
	Waste Transfer Stations										
	Waste Processing Facilities										
	Waste Drop-off Points										
	Waste Separation Facilities										
	Electricity Generation Facilities										
	Capital Spares										
	Rail Infrastructure										
	Rail Lines										
	Rail Structures										
	Rail Furniture										
	Drainage Collection										
	Storm water Conveyance										
	Attenuation										
	MV Substations										
	LV Networks										
	Capital Spares										
	Coastal Infrastructure										
	Sand Pumps										
	Piers										
	Revetments										
	Promenades										
	Capital Spares										
	Information and Communication Infrastructure										
	Data Centres										
	Cone Layers										
	Distribution Layers										
	Capital Spares										
	<b>Community Assets</b>										
	Community Facilities										
	Halls										
	Centres										
	Crèches										
	Clinic/Care Centres										
	Fire/Ambulance Stations										
	Testing Stations										
	Museums										
	Galleries										
	Theatres										
	Libraries										
	Cemeteries/Crematoria										
	Police										
	Parks										
	Public Open Space										
	Nature Reserves										
	Public Abolition Facilities										
	Markets										
	Stalls										
	Abattoirs										
	Airports										
	Taxi Ranks/Bus Terminals										
	Capital Spares										
	Sport and Recreation Facilities										
	Indoor Facilities										
	Outdoor Facilities										
	Capital Spares										
	<b>Heritage assets</b>										
	Monuments										
	Historic Buildings										
	Works of Art										
	Conservation Areas										
	Other Heritage										
	<b>Investment properties</b>										
	Revenue Generating										
	Improved Property										
	Unimproved Property										
	Non-revenue Generating										
	Improved Property										
	Unimproved Property										
	<b>Other assets</b>										
	Operational Buildings										
	Municipal Offices										
	Pay/Equity Points										
	Building Plan Offices										
	Workshops										
	Yards										
	Stores										
	Laboratories										
	Training Centres										
	Manufacturing Plant										
	Depots										
	Capital Spares										
	Housing										
	Staff Housing										
	Social Housing										
	Capital Spares										
	<b>Biological or Cultivated Assets</b>										
	Biological or Cultivated Assets										
	<b>Intangible Assets</b>										
	Services										
	Licences and Rights										
	Water Rights										
	Effluent Licences										
	Solid Waste Licences										
	Computer Software and Applications										
	Local Settlement Software Applications										
	Unspecified										
	<b>Computer Equipment</b>										
	Computer Equipment										
	<b>Furniture and Office Equipment</b>										
	Furniture and Office Equipment										
	<b>Machinery and Equipment</b>										
	Machinery and Equipment										
	<b>Transport Assets</b>										
	Transport Assets										
	<b>Libraries</b>										
	Libraries										
	<b>Zoos, Marine and Non-biological Animals</b>										
	Zoos, Marine and Non-biological Animals										
	<b>Total Capital Expenditure on renewal of existing</b>	1									
	<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Renewal of Existing Assets as % of deprec</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class**

NC072 Umsobomvu - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>	1	-	-	-	-	-	-	1 831	1 831	1 831
<b>Infrastructure</b>		-	-	-	-	-	-	390	390	390
Roads Infrastructure		-	-	-	-	-	-	390	390	390
Roads		-	-	-	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	891	891	891
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	671	671	671
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	220	220	220
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	500	500	500
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	500	500	500
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	50	50	50
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	50	50	50
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-	-	-
Revetments		-	-	-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-

<b>Community Assets</b>	-	-	-	-	-	-	5	5	5
Community Facilities	-	-	-	-	-	-	5	5	5
Halls									
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria							5	5	5
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities									
Capital Spares									
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
<b>Other assets</b>	-	-	-	-	-	-	250	250	250
Operational Buildings	-	-	-	-	-	-	250	250	250
Municipal Offices							247	247	247
Pay/Enquiry Points									
Building Plan Offices									
Workshops							3	3	3
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Spares									
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									
Land Settlement Software Applications									
Unspecified									
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	35	35	35
Furniture and Office Equipment							35	35	35
<b>Machinery and Equipment</b>	-	-	-	-	-	-	263	263	263
Machinery and Equipment							263	263	263
<b>Transport Assets</b>	-	-	-	-	-	-	1 114	1 114	1 114
Transport Assets							1 114	1 114	1 114
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
Libraries									
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
<b>Total Repairs and Maintenance Expenditure</b>	1	-	-	-	-	-	3 496	3 496	3 496
<b>R&amp;M as a % of PPE</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%
<b>R&amp;M as % Operating Expenditure</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	2.2%



**Table 62 MBRR SA35 – Future financial implications of capital budget****NC072 Umsobomvu - Supporting Table SA35 Consolidated future financial implications of the capital budget**

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - EXECUTIVE & COUNCIL		-	-	-				
Vote 2 - FINANCE & ADMIN		3 500	1 480	1 595				
Vote 3 - COMMUNITY SERVICES		250	133	640				
Vote 4 - TECHNICAL SERVICES		17 031	17 420	13 331				
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]		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>20 781</b>	<b>19 032</b>	<b>15 567</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
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]								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		<b>20 781</b>	<b>19 032</b>	<b>15 567</b>	-	-	-	-

**Table 63 MBRR SA36 - Detailed capital budget per municipal vote**

NC072 Umsobomvu - Supporting Table SA36 Consolidated detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information		
										Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal	
<b>Parent municipality:</b>																	
<i>List all capital projects grouped by Municipal Vote</i>																	
<b>Various</b>																	
Electricity -		Electrification Ouboks	EL 2.2.1	f	Yes	Infrastructure - Electricity	Reticulation	30 42 00°S - 25 07' 10"E				2 000	5 000	1 500		2	New
Electricity -		Purchase New Crane truck		f	Yes	Machinery and Equipment	Electricity Generation Facilities					-	1 000	-	All		New
Water		Bulk Water supply Colesberg WTW	W1.3	c	Yes	Infrastructure - Water	Water purification	31 21' 00"E - 24 56" 00"									
Water		Abstraction Orange river	WB1.3	c	Yes	Infrastructure - Water	Water purification										
Sanitation		Upgrading of Ww TW Colesberg	W1		Yes	Infrastructure - Sanitation	Sewerage purification										
Sanitation		Norvalspont Internal Sewerage Network	S1.2.8		Yes	Infrastructure - Sanitation	Sewerage reticulation										
Sanitation		Upgrading of VIP's and Bucket System			Yes	Infrastructure - Sanitation	Sewerage reticulation										
Water		Noupoort Bulk Water supply Upgrade	wb1.4	c	Yes	Infrastructure - Water	Water purification										
Water		Upgrade Kuyasa Main Road Water Pipe	WB 1.3.4	1	Yes	Infrastructure - Water	Water purification					4 000			Various		New
Water		Caroluspoort Water Pipe Line			Yes	Infrastructure - Water	Water purification						11 420	11 831		2	New
Roads		Stormwater drainage	RS1	a	Yes	Infrastructure - Road transport	Storm water										
Roads Noupoort		Noupoort Voortrekker Street	RS3	a	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										
Roads Norvalspont		Roads Network	RS5		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										
Roads Colesberg		New Oubox Aerial Road	RS4		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					11 031	-	-		4	New
Roads		Ring Road Kuyasa	PW 1.1	2	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										
Corporate Services		New Vehicles			Yes	Other Assets	General vehicles						180	185	All		New
Solar Geyser Project		Electricity	el	f	Yes	Other	Other										
Bulk Water to be specified		Bulk Water		c	Yes	Infrastructure - Water	Dams & Reservoirs										
Community services		Colesberg Cemeteries			Yes	Community	Cemeteries/Crematoria					250	133	140		4	New
Community services		Noupoort Cemeteries	SPPE1.1		Yes	Community	Cemeteries/Crematoria							500		2	New
Public Roads		Compactor	PWPPE1.2		Yes	Other Assets	Plant & equipment										
Housing		100 Houses Noupoort	H2		Yes	Other	Other										
Finance		Municipal Financial System	F1 IT1		Yes	Intangibles	Computers - software & programming					3 500	1 300	1 410	All		New
<b>Parent Capital expenditure</b>	<b>1</b>											<b>20 781</b>	<b>19 032</b>	<b>15 567</b>			
<b>Entities:</b>																	
<i>List all capital projects grouped by Entity</i>																	
<b>Entity A</b>																	
Water project A																	
<b>Entity B</b>																	
Electricity project B																	
<b>Entity Capital expenditure</b>																	
<b>Total Capital expenditure</b>																	
												-	-	-			
												-	-	-			
												<b>20 781</b>	<b>19 032</b>	<b>15 567</b>			

**Table 64 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.
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 final stage and will be finalised after approval of the 2017/18 MTREF in May 2015 directly aligned and informed by the 2017/2018 IDP.
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.

## 2.14 Other supporting documents

**Table 65 MBRR SA1 – Supporting detail to budget financial performance**

NC072 Umsobomvu - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>											
Total Property Rates	6								9 539	10 112	10 718
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>									273	289	307
<b>Net Property Rates</b>		-	-	-	-	-	-	-	9 266	9 822	10 412
<b>Service charges - electricity revenue</b>											
Total Service charges - electricity revenue	6								36 589	39 153	41 896
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		-	-	-	-	-	-	-	2 141	2 291	2 452
<b>Net Service charges - electricity revenue</b>		-	-	-	-	-	-	-	34 448	36 861	39 444
<b>Service charges - water revenue</b>											
Total Service charges - water revenue	6								14 781	15 668	16 608
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		-	-	-	-	-	-	-	1 935	2 051	2 174
<b>Net Service charges - water revenue</b>		-	-	-	-	-	-	-	12 846	13 617	14 434
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue									10 271	10 887	11 540
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		-	-	-	-	-	-	-	1 987	2 106	2 232
<b>Net Service charges - sanitation revenue</b>		-	-	-	-	-	-	-	8 284	8 781	9 308
<b>Service charges - refuse revenue</b>											
Total refuse removal revenue	6								7 141	7 569	8 023
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		-	-	-	-	-	-	-	1 391	1 475	1 563
<b>Net Service charges - refuse revenue</b>		-	-	-	-	-	-	-	5 749	6 094	6 460
<b>Other Revenue by source</b>											
Fuel Levy									5 256	5 262	5 278
Other Revenue											
<b>Total 'Other' Revenue</b>	3 1	-	-	-	-	-	-	-	5 256	5 262	5 278

<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Basic Salaries and Wages	2							36 154	38 685	41 393
Pension and UIF Contributions								5 776	6 180	6 612
Medical Aid Contributions								1 014	1 086	1 163
Overtime								1 827	1 955	2 092
Performance Bonus										
Motor Vehicle Allowance								627	671	718
Cellphone Allowance										
Housing Allowances								275	295	315
Other benefits and allowances								635	680	727
Payments in lieu of leave								2 705	2 895	3 098
Long service awards										
Post-retirement benefit obligations	4							341	341	341
<b>sub-total</b>	5							49 356	52 788	56 460
<b>Less: Employees costs capitalised to PPE</b>										
<b>Total Employee related costs</b>	1							49 356	52 788	56 460
<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								25 827	25 827	25 827
Lease amortisation										
Capital asset impairment										
Depreciation resulting from revaluation of PPE	10									
<b>Total Depreciation &amp; asset impairment</b>	1							25 827	25 827	25 827
<b>Bulk purchases</b>										
Electricity Bulk Purchases								23 078	24 694	26 422
Water Bulk Purchases								310	350	350
<b>Total bulk purchases</b>	1							23 388	25 044	26 772
<b>Transfers and grants</b>										
Cash transfers and grants										
Non-cash transfers and grants										
<b>Total transfers and grants</b>	1									
<b>Contracted services</b>										
<i>List services provided by contract</i>										
								1 124	1 191	1 262
<b>sub-total</b>	1							1 124	1 191	1 262
<b>Allocations to organs of state:</b>										
Electricity										
Water										
Sanitation										
Other										
<b>Total contracted services</b>								1 124	1 191	1 262
<b>Other Expenditure By Type</b>										
Collection costs								50	50	50
Contributions to 'other' provisions								1 700	1 700	1 700
Consultant fees										
Audit fees								2 809	2 978	3 156
General expenses	3							6 928	8 286	7 281
<b>Repairs and maintenance</b>								3 496	3 496	3 496
<b>Internal Charges - Services charges</b>								6 866	6 879	6 893
<b>Travel and subsistence</b>								1 810	1 810	1 810
<b>Fuel &amp; Oil</b>								1 232	1 231	1 231
<b>IDP review</b>								180	180	180
<b>Insurance</b>								1 116	1 201	1 254
<b>Legal costs</b>								250	250	250
<b>Local Economic development</b>								1 101	1 101	1 101
<b>Membership Fees</b>								572	613	655
<b>Postage</b>								217	217	217
<b>Printing &amp; stationery</b>								338	345	352
<b>Library programmes expense</b>								349	324	324
<b>FMG expense</b>								2 000	2 000	2 000
<b>Store &amp; materials</b>								892	885	885
<b>Telephone</b>								751	761	776
<b>Uniform</b>								111	111	111
<b>Catering expense</b>								98	98	98
<b>Training costs</b>								428	428	428
<b>Bank charges</b>								337	357	379
<b>Lease charges</b>								581	610	641
<b>Total 'Other' Expenditure</b>	1							34 212	35 909	35 267
<b>Repairs and Maintenance</b>										
Employee related costs	8									
Other materials										
Contracted Services								3 496	3 496	3 496
Other Expenditure										
<b>Total Repairs and Maintenance Expenditure</b>	9							3 496	3 496	3 496

**Table 66 MBRR Table SA2 – Matrix financial performance budget (revenue source / expenditure type and department)**

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

Description	Ref	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>	1																
<b>Revenue By Source</b>																	
Property rates			9 266														9 266
Service charges - electricity revenue					34 448												34 448
Service charges - water revenue					12 846												12 846
Service charges - sanitation revenue					8 284												8 284
Service charges - refuse revenue					5 749												5 749
Service charges - other																	-
Rental of facilities and equipment				244	27												271
Interest earned - external investments			560														560
Interest earned - outstanding debtors			6		2 191												2 197
Dividends received																	-
Fines, penalties and forfeits			229	5 844	20												6 093
Licences and permits			4	2 281													2 285
Agency services				218													218
Other revenue			5 136	79	41												5 256
Transfers and subsidies		39 760	1 900	1 679	1 581												44 920
Gains on disposal of PPE																	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>39 760</b>	<b>17 102</b>	<b>10 345</b>	<b>65 187</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132 394</b>
<b>Expenditure By Type</b>																	
Employee related costs		4 898	14 668	11 651	18 139												49 356
Remuneration of councillors		3 717															3 717
Debt impairment		20	2 427	-	8 941												11 388
Depreciation & asset impairment		138	441	1 079	24 169												25 827
Finance charges					260												260
Bulk purchases					23 388												23 388
Other materials																	-
Contracted services																	-
Transfers and subsidies		7 348															7 348
Other expenditure		4 871	9 183	7 761	6 173												27 988
Loss on disposal of PPE					20												20
<b>Total Expenditure</b>		<b>20 992</b>	<b>26 718</b>	<b>20 491</b>	<b>81 090</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>149 292</b>
<b>Surplus/(Deficit)</b>		<b>18 768</b>	<b>(9 616)</b>	<b>(10 146)</b>	<b>(15 903)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16 898)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					17 031												17 031
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>18 768</b>	<b>(9 616)</b>	<b>(10 146)</b>	<b>1 129</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134</b>

**Table 67 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

NC072 Umsobomvu - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits									6 138	6 424	6 725
Other current investments											
<b>Total Call investment deposits</b>	2	-	-	-	-	-	-	-	6 138	6 424	6 725
<b>Consumer debtors</b>											
Consumer debtors									128 747	146 244	164 870
Less: Provision for debt impairment									(11 388)	(11 388)	(11 388)
<b>Total Consumer debtors</b>	2	-	-	-	-	-	-	-	117 359	134 856	153 482
<b>Debt impairment provision</b>											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
<b>Balance at end of year</b>		-	-	-	-	-	-	-	-	-	-
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)									592 376	608 796	622 128
Leases recognised as PPE											
Less: Accumulated depreciation									25 827	25 827	25 827
<b>Total Property, plant and equipment (PPE)</b>	2	-	-	-	-	-	-	-	566 549	582 969	596 300
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)									-	-	-
Current portion of long-term liabilities											
<b>Total Current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-	-
<b>Trade and other payables</b>											
Trade and other creditors									2 500	2 675	2 862
Unspent conditional transfers											
VAT									350	375	401
<b>Total Trade and other payables</b>	2	-	-	-	-	-	-	-	2 850	3 050	3 263
<b>Non current liabilities - Borrowing</b>											
Borrowing									979	77	
Finance leases (including PPP asset element)											
<b>Total Non current liabilities - Borrowing</b>		-	-	-	-	-	-	-	979	77	-
<b>Provisions - non-current</b>											
Retirement benefits									12 515	12 515	12 515
List other major provision items											
Refuse landfill site rehabilitation									12 393	12 393	12 393
Other											
<b>Total Provisions - non-current</b>		-	-	-	-	-	-	-	24 908	24 908	24 908
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance									693 146	729 117	768 258
GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	693 146	729 117	768 258
Surplus/(Deficit)		-	-	-	-	-	-	-	134	1 209	1 679
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
<b>Accumulated Surplus/(Deficit)</b>	1	-	-	-	-	-	-	-	693 279	730 326	769 938
<b>Reserves</b>											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	-	-	-	-	-	-	-	693 279	730 326	769 938
<b>Total capital expenditure includes expenditure on nationally significant priorities:</b>											
Provision of basic services											

**Table 68 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	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14	2014/15	2015/16	Current Year	2017/18 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>											
Population									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>	1, 12										
No income									1 058	1 058	1 058
R1 - R1 600									2 498	2 498	2 498
R1 601 - R3 200									1 700	1 700	1 700
R3 201 - R6 400									1 133	1 133	1 133
R6 401 - R12 800									769	769	769
R12 801 - R25 600									420	420	420
R25 601 - R51 200									180	180	180
R52 201 - R102 400									49	49	49
R102 401 - R204 800									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								3556.00	3556.00	3556.00
Insert description	2										
<b>Household/demographics (000)</b>											
Number of people in municipal area									23 636	23 636	23 636
Number of poor people in municipal area									10 347	10 347	10 347
Number of households in municipal area									6	6	6
Number of poor households in municipal area									3	3	3
Definition of poor household (R per month)									1 800	1 800	1 800
<b>Housing statistics</b>	3										
Formal									8 505	8 505	8 505
Informal									301	301	301
<b>Total number of households</b>									8 806	8 806	8 806
Dwellings provided by municipality	4										
Dwellings provided by province/s											
Dwellings provided by private sector	5										
<b>Total new housing dwellings</b>											
<b>Economic</b>	6										
Inflation/inflation outlook (CPIX)									10.0%	10.0%	10.0%
Interest rate - borrowing									8.0%	8.0%	8.0%
Interest rate - investment									6.0%	6.0%	6.0%
Remuneration increases									6.0%	6.0%	6.0%
Consumption growth (electricity)									7.0%	7.0%	7.0%
Consumption growth (water)									7.0%	7.0%	7.0%
<b>Collection rates</b>	7										
Property tax/service charges									87.0%	87.0%	87.0%
Rental of facilities & equipment									100.0%	100.0%	100.0%
Interest - external investments									100.0%	100.0%	100.0%
Interest - debtors									80.0%	80.0%	80.0%
Revenue from agency services											



**Table 69 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 read 'Amos China Mpele', is written over a light grey rectangular background.

Date 31/05/2017