

ANNUAL BUDGET OF
UMSOBOMVU
MUNICIPALITY



2018/19 TO 2020/21

**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 2018

Ward 2 on 25 January 2018

Ward 3 on 26 January 2018

Ward 4 on 5 February 2018

Ward 6 on 6 February 2018

IDP Representative Forum on 12 February 2018

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 12 – 16 February 2018 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 2018/2019 BUDGET

This council is legally obligated to table the final Capital and Operating Budget for 2018/19 – 2020/21 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 2018/2019 financial year is R155 860 797,00. The Employee Costs (Salaries and allowances) comprises 34% of the total operational expenditure.

The estimated revenue budget for the 2018/2019 financial year is R 142 330 396.00

Capital Budget

The capital budget for 2018/2019 is an amount of R 25 657 476.00. This comprises mainly of Sewerage project funded from Municipal Infrastructure Grant, electrification project funded from the Integrated National Electrification Programme Grant from Department of Energy, the water project funded from the Water Subsidy Infrastructure Grant from the Department of Water Affairs and other projects that are funded from internally generated funds.

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

CAPITAL BUDGET 2018 - 2019		
Electrification Noupoot	Intergrated Natioanal Electrification Programme	R 3 000 000
Van der Waltsfntein Pipeline	Water Services Infrastructure Grant	R 10 000 000
Upgrading of VIP's and Bucket system	Municipal Infrastructure Grant	R 10 780 600
Municipal Financial System	Internally generated funds	R 1 480 000
Purchase of a new bakkie	Internally generated funds	R 200 000
Noupoot Cemeteries	Internally generated funds	R 132 500
Time and Attendance Machine	Internally generated funds	R 49 376
Office furniture	Internally generated funds	R 15 000
		R 25 657 476

The following service charges will be increased as from 1 July 2018 to ensure sustainable service delivery to the community:

Electricity Tariffs

Application was submitted to NERSA for an average increase of 6.88%. 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 31st May 2018 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 2018/2019. The Council 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 2018/2019 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) adopts with effect from 1 July 2018

- 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) adopts with effect from 1 July 2018 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, adopts the service level standards which form part of the 2018/19 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. 90 and 91 were used to guide the compilation of the 2018/2019 MTREF.

The main challenges experienced during the compilation of the 2018/2019 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 2018/2019 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 2018/2019 MTREF:

- The 2017/18 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 2018/2019 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 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2018/19 MTREF

Table 1 Consolidated Overview of the 2018/19 MTREF				
R Thousand	Adjustment Budget 2017/2018	Budget Year 2018/2019	Budget Year + 1 2019/2020	Budget Year + 2 2020/2021
Total operating Revenue	133 567 698.67	142 330 396.00	151 670 977.00	162 539 912.00
Total Operating Expenditure	150 295 767.00	155 860 797.00	161 419 729.00	168 288 199.00
Surplus (Deficit)	- 16 728 068.33	- 13 530 401.00	- 9 748 752.00	- 5 748 287.00
Total Capital Expenditure	40 732 092.00	25 657 476.00	16 350 950.00	13 206 950.00

Total operating revenue has increased by 6.56 per cent for the 2018/2019 financial year when compared to the 2017/2018 Adjustments Budget. For the two outer years, operational revenue will increase by 6.56 and 7.17 per cent respectively, equating to a total revenue growth of R 28,972 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2018/2019 financial year has been appropriated at R155,860,797.00 and translates into a budgeted deficit of R 13,728,068.33. When compared to the 2017/18 Adjustments Budget, operational expenditure has increased by 3.70 per cent in the 2018/2019 budget and increased by 3.57 and 4.25 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years decreases to R9,748,752.00 in 2019/20 and R 5,748,287.00 in 2020/21.

The capital budget of R 25,657,476 for 2018/2019 is 37.01 per cent less when compared to the 2017/18 Adjustment Budget. The decrease is a result of a decrease in the allocation received from DORA. The capital programme decreases to R 16,350,950.00 in the 2019/2020 financial year and then decreases to R 13,206,950.00 in the 2020/2021 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 come to an end in the during the 2017/18 financial year. The loan was taken about five 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 72 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 2018/2019 MTREF (classified by main revenue source):

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

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	8 313	8 144	8 591	9 266	9 855	9 855	9 855	10 447	11 073	11 738
Service charges - electricity revenue	2	23 150	27 911	26 973	34 448	31 796	31 796	31 796	33 818	36 185	38 889
Service charges - water revenue	2	12 274	3 220	5 898	12 846	12 986	12 986	12 986	13 617	14 434	15 431
Service charges - sanitation revenue	2	7 816	8 355	9 393	8 284	8 600	8 600	8 600	8 968	9 505	10 210
Service charges - refuse revenue	2	5 974	6 450	7 044	5 749	6 235	6 235	6 235	6 461	6 849	7 354
Service charges - other		-	(7 044)	(7 151)							
Rental of facilities and equipment		1 046	759	357	271	276	276	276	291	307	324
Interest earned - external investments		532	538	453	560	532	532	532	560	570	570
Interest earned - outstanding debtors		1 980	2 169	2 513	2 197	2 926	2 926	2 926	3 105	3 299	3 505
Dividends received		-	-	-							
Fines, penalties and forfeits		4 892	889	314	6 093	6 963	6 963	6 963	7 312	7 678	8 064
Licences and permits		2 774	-	-	2 285	2 396	2 396	2 396	2 516	2 641	2 773
Agency services		-	-	-	218	326	326	326	342	359	377
Transfers and subsidies		41 830	39 345	40 383	44 920	45 088	45 088	45 088	49 275	53 138	57 666
Other revenue	2	6 089	12 058	7 425	5 256	5 588	5 588	5 588	5 619	5 631	5 640
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		116 669	102 795	102 193	132 394	133 568	133 568	133 568	142 330	151 671	162 540
Expenditure By Type											
Employee related costs	2	34 412	37 333	38 985	49 356	48 382	48 382	48 382	53 560	57 256	61 212
Remuneration of councillors		2 996	3 095	3 429	3 717	3 859	3 859	3 859	4 130	4 419	4 728
Debt impairment	3	3 786	31 681	11 389	11 388	11 388	11 388	11 388	11 388	11 388	11 388
Depreciation & asset impairment	2	28 622	28 120	27 823	25 827	25 827	25 827	25 827	25 827	25 827	25 827
Finance charges		384	1 814	1 982	260	119	119	119			
Bulk purchases	2	18 731	21 065	22 917	23 388	20 828	20 828	20 828	21 948	23 456	25 070
Other materials	8										
Contracted services		-	-	-	1 124	1 124	1 124	1 124	1 191	1 262	1 338
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	40 263	21 596	23 012	34 212	38 749	38 749	38 749	37 797	37 791	38 704
Loss on disposal of PPE		115	3 251	1 107	20	20	20	20	20	20	20
Total Expenditure		129 310	147 957	130 644	149 292	150 296	150 296	150 296	155 861	161 420	168 288
Surplus/(Deficit)		(12 641)	(45 162)	(28 451)	(16 898)	(16 728)	(16 728)	(16 728)	(13 530)	(9 749)	(5 748)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		32 114	60 044	27 100	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education Institutions)											
Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		19 473	14 882	(1 351)	134	12 128	12 128	12 128	10 250	4 367	7 459
Taxation											
Surplus/(Deficit) after taxation		19 473	14 882	(1 351)	134	12 128	12 128	12 128	10 250	4 367	7 459
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		19 473	14 882	(1 351)	134	12 128	12 128	12 128	10 250	4 367	7 459
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		19 473	14 882	(1 351)	134	12 128	12 128	12 128	10 250	4 367	7 459

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 2017/18 financial year, revenue from rates and services charges totalled R 69,473 million or 52.01 per cent. This increases to R 73,310 million in 2018/19 and increases to R 78,047 million and R 83,621 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 14.25 per cent or R 10,447 million rand in 2018/19. 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 49,275 million in the 2018/2019 financial year and steadily increases to R 57,666million by 2020/21. Note that the year-on-year increase for the 2018/2019 financial year is 9.28 per cent and then increases by 7.84 and 8.46 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		40 839	37 803	38 483	43 241	43 409	43 409	47 796	51 459	55 987
Local Government Equitable Share		32 382	34 931	36 658	39 760	39 760	39 760	44 259	48 914	53 423
Finance Management		1 668	1 932	1 825	1 900	1 900	1 900	1 970	1 970	1 970
MIG ADMIN - PMU		557		-	581	749	749	567	575	594
EPWP Incentive		4 323		-	1 000	1 000	1 000	1 000		
Municipal Systems Improvement		667	940	-						
Integrated National Electrification Programme		1 241								
Other transfers/grants [insert description]										
Provincial Government:		991	1 542	1 900	1 679	1 679	1 679	1 479	1 679	1 679
Sport and Recreation		991	1 542	1 900	1 679	1 679	1 679	1 479	1 679	1 679
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	41 830	39 345	40 383	44 920	45 088	45 088	49 275	53 138	57 666
Capital Transfers and Grants										
National Government:		32 114	59 338	25 375	17 031	28 857	28 857	23 781	14 116	13 207
Municipal Infrastructure Grant (MIG)		9 987	13 237	10 989	11 031	18 222	18 222	10 781	10 916	11 287
Integrated National Electrification Programme			1 184	38	2 000	6 635	6 635	3 000	3 200	1 920
Water Services Operating Subsidy					4 000	4 000	4 000	10 000		
Electricity Efficiency Demand Grant			3 242	6 554						
Regional Bulk Infrastructure		22 127	39 547	6 840						
EPWP Incentive			2 128	954						
Provincial Government:		-	-	1 568	-	-	-	-	-	-
Other capital transfers/grants [insert description]				1 568						
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	706	158	-	-	-	-	-	-
DBSA			449	158						
Water Blue Drop Management			257							
Total Capital Transfers and Grants	5	32 114	60 044	27 100	17 031	28 857	28 857	23 781	14 116	13 207
TOTAL RECEIPTS OF TRANSFERS & GRANTS		73 944	99 389	67 483	61 951	73 944	73 944	73 056	67 253	70 873

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 in line with 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 2018/2019 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 2018/2019 financial year

Table 5 Comparison of Proposed Rates		
Category	Current Tariff (1 July 2017)	Proposed Tariff (From 1 July 2018)
Residential Properties	0.0120	0.0127
State Owned Properties	0.0142	0.0151
Business & Commercial	0.0142	0.0151
Agricultural	0.0030	0.0032

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

Category	Current Tariffs 2017/18 Rand per kl	Proposed Tariffs 2018/19 Rand per kl	Percentage Change
Residential			
(i) 0 to 6 kl per 30-day period	5.29	5.61	6%
(ii) 7 to 20 kl per 30-day period	6.39	6.77	6%
(iii) 21- 30kl per 20-day period	8.2	8.69	6%
(iv) 30+	10.83	11.48	6%
Non Residential			
(i) 0-60kl per 30-day period	7.77	8.24	6%
(ii) 61kl per 30-day period	10.43	11.06	6%

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

Table 7 Comparison between current water charges and increases (Domestic)

Monthly Consumption Kl	Current Amount Payable R	Proposed Amount Payable R	Difference (Increase) R	Percentage Change %
20	R 134.33	R 142.39	R 8.06	6%
30	R 224.11	R 237.56	R 13.45	6%
40	R 350.05	R 371.05	R 21.00	6%

The tariff structure of the 2018/2019 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 11.06 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 7.32 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2018.

Considering the Eskom increases, the consumer tariff had to be increased by 6.88 per cent to offset the additional bulk purchase cost from 1 July 2018. 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)

Monthly Consumption Kwh	Current Amount Payable R	Proposed Amount Payable R	Difference Increase R	Percentage Change %
100	R 115.95	R 123.93	R 7.98	6.88%
250	R 308.10	R 329.30	R 21.20	6.88%
500	R 697.77	R 745.78	R 48.01	6.88%
750	R 1 186.74	R 1 268.39	R 81.65	6.88%
1000	R 1 701.24	R 1 818.29	R 117.05	6.88%
2000	R 3 760.48	R 4 019.20	R 258.72	6.88%

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 2018/2019 and 2019/2020 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 2018 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 8,968 million for the 2018/2019 financial year.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

Description	Current Year 2017/2018	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2018/19	Budget Year + 1 2019/20	Budget Year + 2 2020/21
		Waste Water Tariffs		
Basic Charge/Fixed Fee (Rands/Month)	110.38	117.00	124.02	131.46
Service Point-Vacant Land (Rand/Month)	63.71	67.53	71.58	75.87
Conservancy Tank Household (1 Service per Month)	82.67	87.63	92.89	98.46
Conservancy Tank Household (Additional Service per Month) : Payable in Advance	87.63	92.89	98.46	104.37
Conservancy Tank Schools per Load	121.20	128.47	136.18	144.35
Conservancy Tank Businesses per Load With Minimum of 1 Load per Month	121.20	128.47	136.18	144.35
Night soil Removal (Per Bucket per Month)	59.49	63.06	66.84	70.85
Night Soil Rondawel (Per Bucket per Month)	42.40	44.94	47.64	50.50
Meatlands Industrial Effluent per Month	-	-	-	-
Meatlands Sewerage Same As Business Tariffs	-	-	-	-
Meatlands Dumping Charges Of Blood And Dung per Month	944.79	1 001.48	1 061.56	1 125.26
Sewerage Household/Colesberg High School/ per Month	110.38	117.00	124.02	131.46
Sewerage Prison per Point per Month	371.17	393.44	417.05	442.07
Sewerage Garages and State per Point per Month	223.38	236.79	250.99	266.05
Sewerage Hospital per Point per Month	397.17	421.00	446.26	473.04
Sewerage Business Normal	143.07	151.65	160.75	170.40
Sewerage Business With Minimum of 2 Points per Month	220.77	234.01	248.05	262.94
Sewerage Business Additional Connection	53.14	56.33	59.71	63.29
Sewerage Availability per Month	63.71	67.53	71.58	75.87
Meatlands per Sheep (Effluent)	0.91	0.97	1.02	1.09

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	82.67	87.63	6%
Domestic - Connected	110.38	117	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 2018. Higher increases will not be viable in 2018/2019 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 2018:

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

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		
Domestic- Monthly	77.3		R 81.94		R 4.64	6%
Additional Bin Per Month	26.3		27.88		R 1.58	6%
Business	111.3		117.98		R 6.68	6%
Garden Refuse Households	7.78		8.25		R 0.47	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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	+1 2019/20	Budget Year +2 2020/21
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		608.58	608.58	632.92	670.90	670.90	670.90	6.0%	711.15	753.82	799.05
Electricity: Basic levy		64.22	72.05	77.09	83.95	83.95	83.95	7.3%	90.10	96.69	103.77
Electricity: Consumption		1 237.89	1 388.91	1 486.13	1 514.07	1 514.07	1 514.07	7.3%	1 624.90	1 743.84	1 871.49
Water: Basic levy		63.61	67.43	71.48	75.77	75.77	75.77	6.0%	80.31	85.13	90.24
Water: Consumption		171.08	181.35	192.23	203.76	203.76	203.76	6.0%	215.99	228.95	242.69
Sanitation		92.68	98.24	104.13	110.38	110.38	110.38	6.0%	117.00	124.02	131.46
Refuse removal		64.90	68.79	72.92	77.30	77.30	77.30	6.0%	81.93	86.85	92.06
Other											
sub-total		2 302.96	2 485.35	2 636.90	2 736.12	2 736.12	2 736.12	6.8%	2 921.38	3 119.30	3 330.76
VAT on Services											
Total large household bill:		2 302.96	2 485.35	2 636.90	2 736.12	2 736.12	2 736.12	6.8%	2 921.38	3 119.30	3 330.76
% increase/-decrease			7.9%	6.1%	3.8%	-	-		6.8%	6.8%	6.8%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		426.92	426.92	444.00	470.64	470.64	470.64	6.0%	498.88	528.81	560.54
Electricity: Basic levy		64.22	72.05	77.09	83.95	83.95	83.95	7.3%	90.10	96.69	103.77
Electricity: Consumption		518.98	582.30	623.06	634.77	634.77	634.77	7.3%	681.24	731.10	784.62
Water: Basic levy		63.61	67.43	71.48	75.77	75.77	75.77	6.0%	80.31	85.13	90.24
Water: Consumption		136.63	144.53	153.20	162.39	162.39	162.39	6.0%	172.14	182.46	193.41
Sanitation		92.68	98.24	104.13	110.38	110.38	110.38	6.0%	117.00	124.02	131.46
Refuse removal		64.90	68.79	72.92	77.30	77.30	77.30	6.0%	81.93	86.85	92.06
Other											
sub-total		1 367.94	1 460.26	1 545.88	1 615.19	1 615.19	1 615.19	6.6%	1 721.59	1 835.07	1 956.10
VAT on Services											
Total small household bill:		1 367.94	1 460.26	1 545.88	1 615.19	1 615.19	1 615.19	6.6%	1 721.59	1 835.07	1 956.10
% increase/-decrease			6.7%	5.9%	4.5%	-	-		6.6%	6.6%	6.6%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		245.25	245.25	255.06	270.36	270.36	270.36	6.0%	286.59	303.78	322.01
Electricity: Basic levy		64.22	72.05	77.09	83.95	83.95	83.95	7.3%	90.10	96.69	103.77
Electricity: Consumption		331.48	371.92	397.95	405.43	405.43	405.43	7.3%	435.11	466.96	501.14
Water: Basic levy		63.61	67.43	71.48	75.77	75.77	75.77	6.0%	80.31	85.13	90.24
Water: Consumption		101.76	107.87	114.34	121.20	121.20	121.20	6.0%	128.47	136.18	144.35
Sanitation		92.68	98.24	104.13	110.38	110.38	110.38	6.0%	117.00	124.02	131.46
Refuse removal		64.90	68.79	72.92	77.30	77.30	77.30	6.0%	81.93	86.85	92.06
Other											
sub-total		963.90	1 031.55	1 092.97	1 144.39	1 144.39	1 144.39	6.6%	1 219.51	1 299.61	1 385.03
VAT on Services											
Total small household bill:		963.90	1 031.55	1 092.97	1 144.39	1 144.39	1 144.39	6.6%	1 219.51	1 299.61	1 385.03
% increase/-decrease			7.0%	6.0%	4.7%	-	-		6.6%	6.6%	6.6%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 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 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full year Forecast	Budget year 2018/2019	% Increase (Decrease)	Budget year +1 2019/2020	Budget year +2 2020/2021
Employee Related Costs	49 356 104.00	48 381 660.00	48 381 660.00	53 559 816.00	10.70%	57 256 365.00	61 212 418.00
Remuneration of Councillors	3 716 887.00	3 859 405.00	3 859 405.00	4 129 563.00	7.00%	4 418 633.00	4 727 937.00
Debt Impaired	11 387 767.00	11 387 767.00	11 387 767.00	11 387 767.00	0.00%	11 387 767.00	11 387 767.00
Depreciation & Asset Impairment	25 827 264.00	25 827 264.00	25 827 264.00	25 827 264.00	0.00%	25 827 264.00	25 827 264.00
Finance Charges	260 000.00	119 000.00	119 000.00		-100.00%		
Bulk Purchases	23 388 287.00	20 828 287.00	20 828 287.00	21 948 017.00	5.38%	23 456 378.00	25 070 325.00
Other Materials							
Contacted Services	1 123 600.00	1 123 600.00	1 123 600.00	1 191 016.00	6.00%	1 262 477.00	1 338 226.00
Transfers and Grants	-	-	-	-			
Other Expenditure	34 211 599.00	38 748 784.00	38 748 784.00	37 797 354.00	-2.46%	37 790 845.00	38 704 262.00
Loss on Disposable PPE	20 000.00	20 000.00	20 000.00	20 000.00	0.00%	20 000.00	20 000.00
Total Expenditure	149 291 508.00	150 295 767.00	150 295 767.00	155 860 797.00	3.70%	161 419 729.00	168 288 199.00

The budgeted allocation for employee related costs for the 2018/2019 financial year totals R53,560 million, which equals 34.36 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 72 per cent and the Debt Write-off Policy of the Municipality. For the 2018/2019 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.

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 2018/2019 it has decreased by 2.46 per cent and decreases by 0.02 in 2019/20 and increases by 2.42 per cent in 2020/21.

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

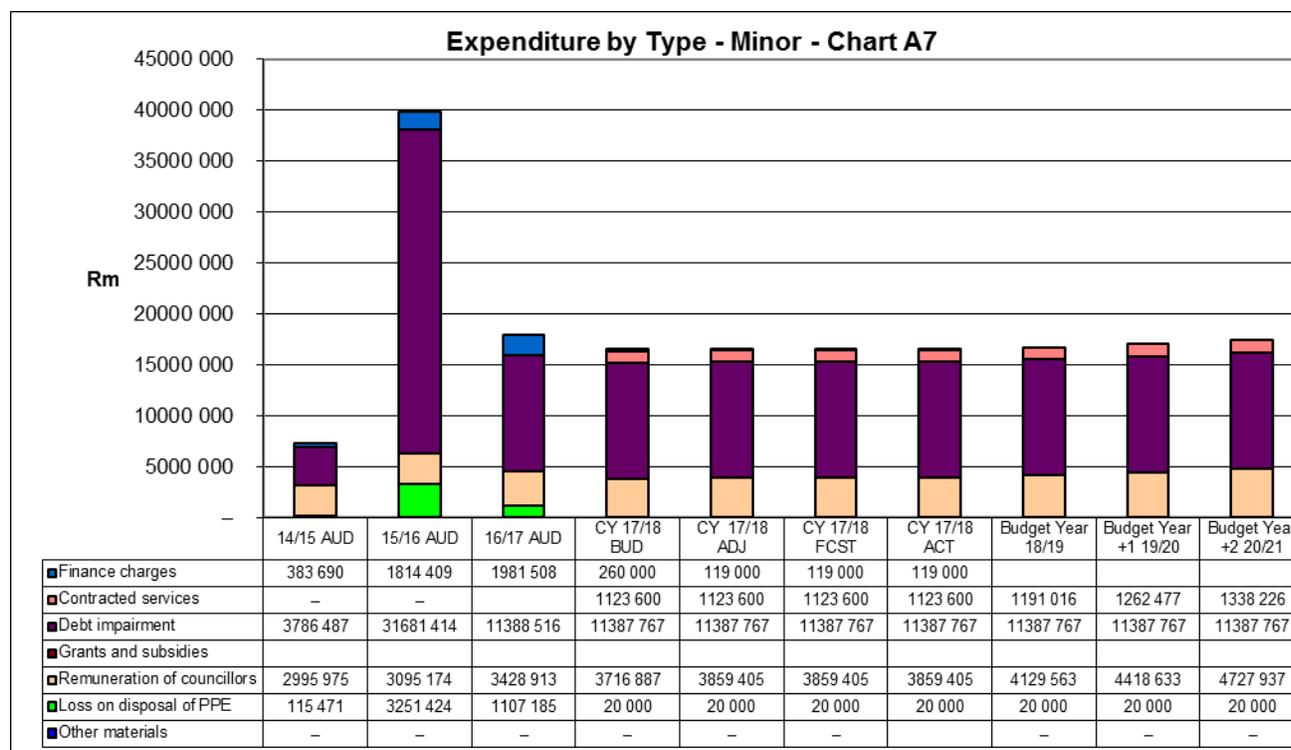


Figure 1 Main operational expenditure categories for the 2018/2019 financial year

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 2018/2019 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 2018/2019 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. The total allocation for 2018/2019 equates to R3.320 million, a decrease of 35.55 per cent in relation to the Adjustment Budget and is decreased further by 2.15 to 3.250 million in the 2019/2020 and remains the same in 2020/2021. In relation to the total operating expenditure, repairs and maintenance comprises of 2.2, 2.1 and 2.0 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 Repairs and maintenance expenditure by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		2 078	1 355	1 657	1 831	3 001	3 001	1 409	1 409	1 409
Roads Infrastructure		388	433	300	390	1 390	1 390	388	388	388
Roads		388	433	300	390	1 390	1 390	388	388	388
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		1 002	548	795	891	1 061	1 061	721	721	721
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors		868	548	716	671	811	811	571	571	571
MV Substations										
MV Switching Stations										
MV Networks		134	-	79	220	250	250	150	150	150
LV Networks										
Capital Spares										
Water Supply Infrastructure		459	172	541	500	500	500	250	250	250
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		459	172	541	500	500	500	250	250	250
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		229	203	21	50	50	50	50	50	50
Pump Station										
Reticulation		229	203	21	50	50	50	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										

Community Assets	861	5	2	5	5	5	5	5	5
Community Facilities	861	5	2	5	5	5	5	5	5
Halls	853	-	-	-	-	-	-	-	-
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria		5	2	5	5	5	5	5	5
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares	8	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities									
Capital Spares									
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Other assets	135	371	101	250	252	252	295	245	245
Operational Buildings	135	371	101	250	252	252	295	245	245
Municipal Offices	102	371	101	247	249	249	292	242	242
Pay/Enquiry Points									
Building Plan Offices	34	-	-	3	3	3	3	3	3
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Spares									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									
Load Settlement Software Applications									
Unspecified									
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment	9	1	20	35	40	40	37	37	37
Furniture and Office Equipment	9	1	20	35	40	40	37	37	37
Machinery and Equipment	170	104	159	263	503	503	333	333	333
Machinery and Equipment	170	104	159	263	503	503	333	333	333
Transport Assets	602	1 079	1 172	1 114	1 352	1 352	1 242	1 222	1 222
Transport Assets	602	1 079	1 172	1 114	1 352	1 352	1 242	1 222	1 222
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Repairs and Maintenance Expenditure	1	3 856	2 916	3 111	3 496	5 151	5 151	3 320	3 250
R&M as a % of PPE	0.8%	0.5%	0.6%	0.6%	0.9%	0.9%	0.6%	0.6%	0.6%
R&M as % Operating Expenditure	3.0%	2.0%	2.4%	2.3%	3.4%	3.4%	2.2%	2.1%	2.0%

For the 2018/2019 financial year, 42.44 per cent or R1.409 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 51.17 per cent (R.721 million), followed by roads infrastructure at 27.54 per cent (R.388 million), water at 17.74 per cent (R.250 million) and sanitation at 3.55 per cent (R.050 million). Community assets have been allocated 0.35 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 2018/2019 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 2018/19 Medium-term capital budget per vote

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

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote	1										
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	-	1 485	1 595	-
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	-	10 781	2 000	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	12 266	3 595	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		34	20	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		193	733	2 967	3 500	3 510	3 510	3 510	49	-	-
Vote 3 - COMMUNITY SERVICES		4 550	4 383	4 691	250	9 216	9 216	9 216	342	640	-
Vote 4 - TECHNICAL SERVICES		34 918	208 871	18 722	17 031	28 006	28 006	28 006	13 000	12 116	13 207
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]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		39 695	214 008	26 379	20 781	40 732	40 732	40 732	13 391	12 756	13 207
Total Capital Expenditure - Vote		39 695	214 008	26 379	20 781	40 732	40 732	40 732	25 657	16 351	13 207
Capital Expenditure - Functional											
Governance and administration		227	754	2 967	3 500	3 510	3 510	3 510	1 535	1 595	-
Executive and council		34	20	-	-	-	-	-	-	-	-
Finance and administration		180	515	2 967	3 500	3 510	3 510	3 510	1 535	1 595	-
Internal audit		13	219	-	-	-	-	-	-	-	-
Community and public safety		4 550	4 383	4 691	250	9 216	9 216	9 216	342	640	-
Community and social services		4 144	4 383	4 691	250	250	250	250	142	640	-
Sport and recreation		-	-	-	-	8 966	8 966	8 966	200	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		406	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		4 829	33 957	3 260	11 031	17 371	17 371	17 371	-	8 916	11 287
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		4 829	33 957	3 260	11 031	17 371	17 371	17 371	-	8 916	11 287
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		30 089	174 914	15 462	6 000	10 635	10 635	10 635	23 781	5 200	1 920
Energy sources		1 344	7 535	6 192	2 000	6 635	6 635	6 635	3 000	3 200	1 920
Water management		28 746	162 298	3 614	4 000	4 000	4 000	4 000	10 000	-	-
Waste water management		-	5 052	5 657	-	-	-	-	10 781	2 000	-
Waste management		-	29	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	39 695	214 008	26 379	20 781	40 732	40 732	40 732	25 657	16 351	13 207
Funded by:											
National Government		38 964	213 133	18 565	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Provincial Government		-	-	4 691	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	158	-	-	-	-	-	-	-
Transfers recognised - capital	4	38 964	213 133	23 413	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Public contributions & donations	5	456	-	-	-	-	-	-	-	-	-
Borrowing	6	-	349	1 631	-	-	-	-	-	-	-
Internally generated funds		275	525	1 336	3 750	11 876	11 876	11 876	1 877	2 235	-
Total Capital Funding	7	39 695	214 008	26 379	20 781	40 732	40 732	40 732	25 657	16 351	13 207

For 2018/2019 an amount of R 25.657 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 R16.351 million and R13.207 million, 100 per cent respectively for each of the financial years. Waste water management receives the highest allocation of R 10.781 million in 2018/2019 which equates to 42.02 per cent followed by water services at 38.98 per cent, R10 million.

Total new assets represent 7.32 per cent or R 1.877 million of the total capital budgets and the rest represent the upgrade of existing assets which equates to 92.68 or R 23.781 million. 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 – R3 million;
- Van der Waltsfontein Water Pipe Line – R10 million;
- Upgrading of VIP's and bucket system – R10.781 million;
- New Financial System – R 1.480 million;
- Purchase of New Time and Attendance Machine – R 49 thousand;
- Develop New Cemetery Site in Noupoot – R133 thousand (1st portion of 3 payments);
- Purchase of a new bakkie – R 200 thousand;
- Office furniture – R 15 thousand;

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.

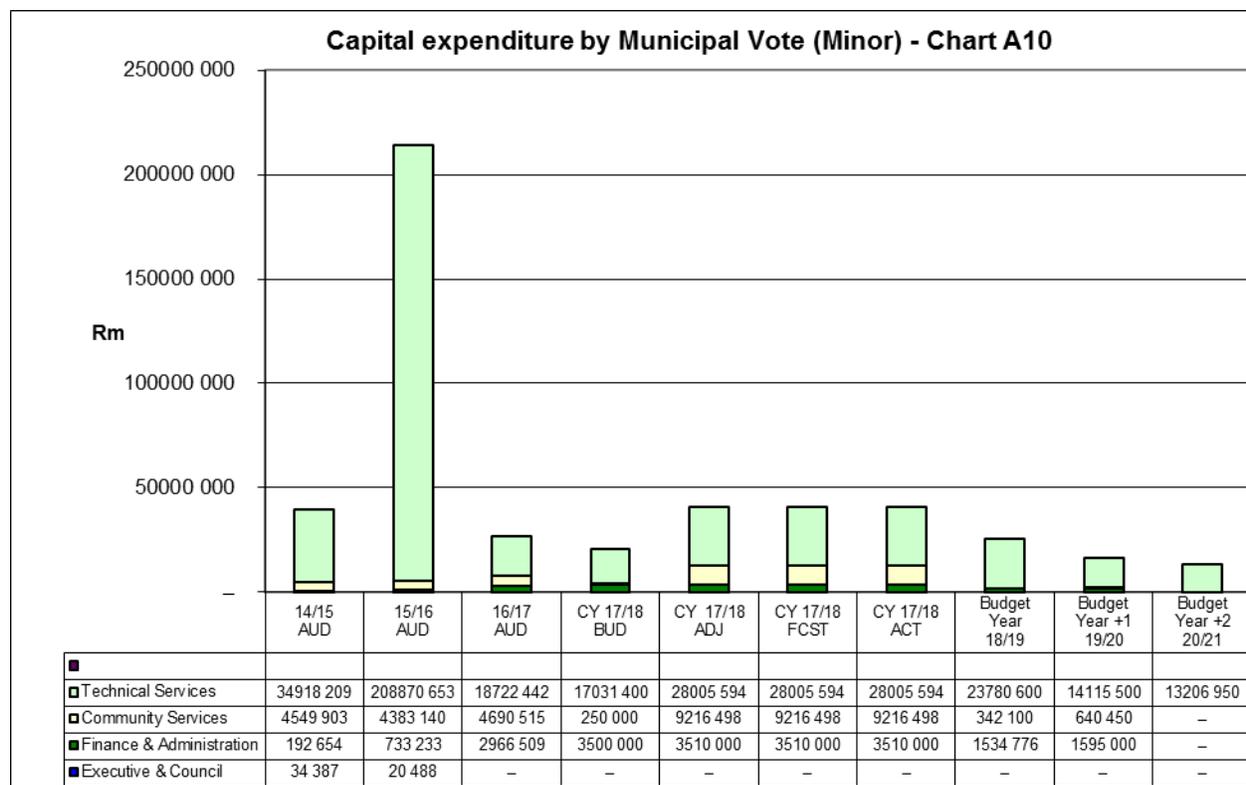


Figure 2 Capital Infrastructure Programme

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 2018/19 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 2018/2019 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 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	8 313	8 144	8 591	9 266	9 855	9 855	9 855	10 447	11 073	11 738
Service charges	49 214	38 893	42 157	61 327	59 618	59 618	59 618	62 863	66 973	71 883
Investment revenue	532	538	453	560	532	532	532	560	570	570
Transfers recognised - operational	41 830	39 345	40 383	44 920	45 088	45 088	45 088	49 275	53 138	57 666
Other own revenue	16 781	15 874	10 609	16 320	18 475	18 475	18 475	19 185	19 917	20 683
Total Revenue (excluding capital transfers and contributions)	116 669	102 795	102 193	132 394	133 568	133 568	133 568	142 330	151 671	162 540
Employee costs	34 412	37 333	38 985	49 356	48 382	48 382	48 382	53 560	57 256	61 212
Remuneration of councillors	2 996	3 095	3 429	3 717	3 859	3 859	3 859	4 130	4 419	4 728
Depreciation & asset impairment	28 622	28 120	27 823	25 827	25 827	25 827	25 827	25 827	25 827	25 827
Finance charges	384	1 814	1 982	260	119	119	119	-	-	-
Materials and bulk purchases	18 731	21 065	22 917	23 388	20 828	20 828	20 828	21 948	23 456	25 070
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	44 165	56 529	35 508	46 743	51 280	51 280	51 280	50 396	50 461	51 450
Total Expenditure	129 310	147 957	130 644	149 292	150 296	150 296	150 296	155 861	161 420	168 288
Surplus/(Deficit)	(12 641)	(45 162)	(28 451)	(16 898)	(16 728)	(16 728)	(16 728)	(13 530)	(9 749)	(5 748)
Transfers and subsidies - capital (monetary allocation)	32 114	60 044	27 100	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	19 473	14 882	(1 351)	134	12 128	12 128	12 128	10 250	4 367	7 459
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	19 473	14 882	(1 351)	134	12 128	12 128	12 128	10 250	4 367	7 459
Capital expenditure & funds sources										
Capital expenditure	39 695	214 008	26 379	20 781	40 732	40 732	40 732	25 657	16 351	13 207
Transfers recognised - capital	38 964	213 133	23 413	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Public contributions & donations	456	-	-	-	-	-	-	-	-	-
Borrowing	-	349	1 631	-	-	-	-	-	-	-
Internally generated funds	275	525	1 336	3 750	11 876	11 876	11 876	1 877	2 235	-
Total sources of capital funds	39 695	214 008	26 379	20 781	40 732	40 732	40 732	25 657	16 351	13 207
Financial position										
Total current assets	69 265	35 097	38 191	151 779	138 926	138 926	138 926	46 858	58 653	75 532
Total non current assets	515 047	533 089	529 747	572 110	592 061	592 061	592 061	556 980	573 281	588 037
Total current liabilities	36 329	42 321	43 155	4 722	4 722	4 722	4 722	20 442	22 049	23 656
Total non current liabilities	26 188	17 833	19 109	25 888	25 888	25 888	25 888	16 907	17 072	17 276
Community wealth/Equity	521 795	508 031	505 674	693 279	700 377	700 377	700 377	566 489	592 813	622 673
Cash flows										
Net cash from (used) operating	38 833	66 072	23 194	23 380	35 408	35 408	35 408	30 367	23 520	25 440
Net cash from (used) investing	(39 289)	(64 579)	(26 188)	(20 781)	(34 622)	(34 622)	(34 622)	(25 657)	(16 351)	(13 207)
Net cash from (used) financing	(1 043)	(693)	861	(809)	(809)	(809)	(809)	140	115	135
Cash/cash equivalents at the year end	18 448	19 248	17 114	29 943	17 091	17 091	17 091	21 940	29 224	41 592
Cash backing/surplus reconciliation										
Cash and investments available	18 448	19 248	17 114	29 943	17 091	17 091	17 091	21 989	29 273	41 642
Application of cash and investments	(6 214)	28 741	25 406	(95 645)	(85 620)	(85 620)	(85 620)	(10 280)	(13 961)	(17 637)
Balance - surplus (shortfall)	24 661	(9 493)	(8 292)	125 588	102 711	102 711	102 711	32 269	43 234	59 278
Asset management										
Asset register summary (WDV)	515 047	805 170	529 747	572 110	592 061	592 061	592 061	556 980	573 281	588 037
Depreciation	28 622	28 120	27 823	25 827	25 827	25 827	25 827	25 827	25 827	25 827
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	3 856	2 916	3 111	3 496	5 151	5 151	5 151	3 320	3 250	3 250
Free services										
Cost of Free Basic Services provided	-	-	-	7 455	6 895	6 895	7 923	7 923	8 422	8 422
Revenue cost of free services provided	247	-	-	818	273	273	289	289	307	325
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	0	0	0	0	0	0	0
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise 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 2018/19 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 Budgeted Financial Performance (revenue and expenditure by functional classification)**

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional										
<i>Governance and administration</i>		47 517	41 588	42 638	56 862	57 668	57 668	63 225	68 556	73 766
Executive and council		32 382	29 229	30 508	39 760	39 760	39 760	44 259	48 914	53 423
Finance and administration		15 135	12 358	12 130	17 102	17 908	17 908	18 966	19 642	20 343
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		13 637	6 085	9 125	10 345	15 387	15 387	11 445	12 143	12 666
Community and social services		5 802	2 183	5 783	2 003	2 032	2 032	1 517	1 719	1 721
Sport and recreation		-	-	-	-	3 900	3 900	-	-	-
Public safety		7 429	3 902	3 341	8 342	9 455	9 455	9 927	10 424	10 945
Housing		406	-	2	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		7 719	10 174	3 665	12 092	15 413	15 413	1 092	9 007	11 379
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		7 719	10 174	3 665	12 092	15 413	15 413	1 092	9 007	11 379
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		79 910	104 993	73 865	70 127	73 957	73 957	90 349	76 080	77 936
Energy sources		25 025	33 486	34 968	37 174	39 157	39 157	37 593	40 213	41 694
Water management		39 977	50 384	15 706	18 027	19 212	19 212	26 531	18 669	17 785
Waste water management		8 599	14 349	15 738	8 844	9 021	9 021	19 413	9 978	10 710
Waste management		6 309	6 773	7 453	6 082	6 567	6 567	6 812	7 221	7 748
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	148 783	162 839	129 293	149 425	162 424	162 424	166 111	165 786	175 747
Expenditure - Functional										
<i>Governance and administration</i>		36 815	37 950	35 374	40 362	40 081	40 081	47 673	48 838	51 190
Executive and council		17 470	12 887	13 254	13 645	15 374	15 374	16 077	16 855	17 629
Finance and administration		19 345	25 063	22 120	26 718	24 706	24 706	31 596	31 983	33 560
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		13 963	8 455	12 195	20 491	21 904	21 904	19 453	20 606	21 633
Community and social services		5 486	4 805	5 334	8 381	8 480	8 480	3 945	4 233	4 336
Sport and recreation		925	932	2 755	3 252	2 840	2 840	3 067	3 274	3 495
Public safety		7 034	2 140	3 316	8 009	9 737	9 737	9 694	10 163	10 662
Housing		518	578	791	850	847	847	2 747	2 937	3 141
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		16 286	17 688	14 202	13 422	13 694	13 694	12 992	13 349	13 732
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		16 286	17 688	14 202	13 422	13 694	13 694	12 992	13 349	13 732
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		62 245	83 863	68 873	75 016	74 617	74 617	75 742	78 626	81 734
Energy sources		23 576	25 542	27 674	28 545	26 038	26 038	26 989	28 624	30 385
Water management		23 604	32 990	25 450	26 935	27 681	27 681	27 426	28 129	28 880
Waste water management		8 935	14 016	9 863	10 936	11 666	11 666	11 893	12 217	12 574
Waste management		6 130	11 315	5 886	8 600	9 232	9 232	9 434	9 657	9 895
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	129 310	147 957	130 644	149 292	150 296	150 296	155 860	161 420	168 288
Surplus/(Deficit) for the year		19 473	14 882	(1 351)	134	12 128	12 128	10 251	4 367	7 459

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 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		32 382	29 229	30 508	39 760	39 760	39 760	44 259	48 914	53 423
Vote 2 - FINANCE & ADMIN		15 135	12 358	12 130	17 102	17 908	17 908	18 966	19 642	20 343
Vote 3 - COMMUNITY SERVICES		13 637	6 085	9 125	10 345	15 387	15 387	11 445	12 143	12 666
Vote 4 - TECHNICAL SERVICES		87 629	115 167	77 530	82 219	89 370	89 370	91 441	85 087	89 315
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 Revenue by Vote	2	148 783	162 839	129 293	149 425	162 424	162 424	166 111	165 786	175 747
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE & COUNCIL		17 470	12 887	13 254	13 645	15 374	15 374	16 077	16 855	17 629
Vote 2 - FINANCE & ADMIN		19 345	25 063	22 120	26 718	24 706	24 706	31 596	31 983	33 560
Vote 3 - COMMUNITY SERVICES		13 963	8 455	12 195	20 491	21 904	21 904	19 453	20 606	21 633
Vote 4 - TECHNICAL SERVICES		78 531	101 552	83 075	88 438	88 311	88 311	88 734	91 976	95 465
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 Expenditure by Vote	2	129 310	147 957	130 644	149 292	150 296	150 296	155 860	161 420	168 288
Surplus/(Deficit) for the year	2	19 473	14 882	(1 351)	134	12 128	12 128	10 251	4 367	7 459

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
ELECTRICITY - Revenue	25 024 885	33 486 341	34 967 629	37 174 438	39 157 438	39 157 438	37 592 603	40 212 685	41 693 798
ELECTRICITY - Expenditure	23 575 811	25 542 160	27 674 019	28 544 633	26 037 789	26 037 789	26 988 844	28 624 249	30 384 854
	1 449 074	7 944 181	7 293 610	8 629 805	13 119 649	13 119 649	10 603 759	11 588 436	11 308 944
% Surplus (Deficit)	5.79%	23.72%	20.86%	23.21%	33.50%	33.50%	28.21%	28.82%	27.12%
WATER - Revenue	39 976 741	50 384 385	15 706 296	18 027 027	19 212 427	19 212 427	26 531 363	18 668 865	17 784 526
WATER - Expenditure	23 603 978	32 990 169	25 449 871	26 934 967	27 680 896	27 680 896	26 196 461	26 837 620	27 522 936
	16 372 763	17 394 216	(9 743 575)	(8 907 940)	(8 468 469)	(8 468 469)	334 902	(8 168 755)	(9 738 410)
% Surplus (Deficit)	40.96%	34.52%	-62.04%	-49.41%	-44.08%	-44.08%	1.26%	-43.76%	-54.76%

- The electricity trading surplus is decreasing in 2018/19 from 33.5 per cent to 28.21 per cent and it is increasing in 2019/20 from 28.21 per cent or R10.604 million in 2018/19 to 28.82 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.
- The deficit on the water services decreases from 44.08 per cent in 2017/18 to a surplus of 1.26 per cent in 2018/19 and increases again over the two outer years to 43.76 per cent and 54.76 per cent respectively.
- 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 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	8 521	8 361	8 881	9 266	9 855	9 855	9 855	10 447	11 073	11 738
Service charges - electricity revenue	2	23 150	27 911	26 973	34 448	31 796	31 796	31 796	33 818	36 185	38 889
Service charges - water revenue	2	12 274	3 220	5 898	12 846	12 986	12 986	12 986	13 617	14 434	15 431
Service charges - sanitation revenue	2	7 816	8 355	9 393	8 284	8 600	8 600	8 600	8 968	9 505	10 210
Service charges - refuse revenue	2	5 974	6 450	7 044	5 749	6 235	6 235	6 235	6 461	6 849	7 354
Service charges - other		-	(7 044)	(7 151)							
Rental of facilities and equipment		1 046	759	357	271	276	276	276	291	307	324
Interest earned - external investments		532	538	453	560	532	532	532	560	570	570
Interest earned - outstanding debtors		1 980	2 169	2 513	2 197	2 926	2 926	2 926	3 105	3 299	3 505
Dividends received			-	-							
Fines, penalties and forfeits		4 685	672	24	6 093	6 963	6 963	6 963	7 312	7 678	8 064
Licences and permits		2 774	-	-	2 285	2 396	2 396	2 396	2 516	2 641	2 773
Agency services			-	-	218	326	326	326	342	359	377
Transfers and subsidies		41 830	39 345	40 383	44 920	45 088	45 088	45 088	49 275	53 138	57 666
Other revenue	2	6 089	12 058	7 425	5 256	5 588	5 588	5 588	5 619	5 631	5 640
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		116 669	102 795	102 193	132 394	133 568	133 568	133 568	142 330	151 671	162 540
Expenditure By Type											
Employee related costs	2	34 412	37 333	38 985	49 356	48 382	48 382	48 382	53 560	57 256	61 212
Remuneration of councillors		2 996	3 095	3 429	3 717	3 859	3 859	3 859	4 130	4 419	4 728
Debt impairment	3	3 786	31 681	11 389	11 388	11 388	11 388	11 388	11 388	11 388	11 388
Depreciation & asset impairment	2	28 622	28 120	27 823	25 827	25 827	25 827	25 827	25 827	25 827	25 827
Finance charges		384	1 814	1 982	260	119	119	119			
Bulk purchases	2	18 731	21 065	22 917	23 388	20 828	20 828	20 828	21 948	23 456	25 070
Other materials	8	-	-	-							
Contracted services		-	-	-	1 124	1 124	1 124	1 124	1 191	1 262	1 338
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	40 263	21 596	46 025	34 212	38 749	38 749	38 749	37 797	37 791	38 704
Loss on disposal of PPE		115	3 251	1 107	20	20	20	20	20	20	20
Total Expenditure		129 310	147 957	153 656	149 292	150 296	150 296	150 296	155 861	161 420	168 288
Surplus/(Deficit)		(12 641)	(45 162)	(51 463)	(16 898)	(16 728)	(16 728)	(16 728)	(13 530)	(9 749)	(5 748)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		32 114	60 044	27 100	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education Institutions)											
Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		19 473	14 882	(24 363)	134	12 128	12 128	12 128	10 250	4 367	7 459
Taxation											
Surplus/(Deficit) after taxation		19 473	14 882	(24 363)	134	12 128	12 128	12 128	10 250	4 367	7 459
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		19 473	14 882	(24 363)	134	12 128	12 128	12 128	10 250	4 367	7 459
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		19 473	14 882	(24 363)	134	12 128	12 128	12 128	10 250	4 367	7 459

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

1. Total revenue is R142.330 million in 2018/19 and escalates to R151.671 million by 2019/20. This represents a year-on-year increase of just 6.56 per cent for the 2019/20 financial year and 7.17 per cent increase for the 2020/21 financial year.
2. Revenue to be generated from property rates is R 10.447 million in the 2018/19 financial year and increases to R 11.073 by 2019/20 as the property rates tariff will be increased by 6% in the 2019/20 financial year. This constitute 7.34 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 62.863 million for the 2018/19 financial year and increasing to R66.973 million by 2019/20. For the 2018/19 financial year services charges amount to 44.17 per cent of the total revenue base and increases 44.23 per cent by 2020/21. 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 7.84 per cent and 8.52 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.

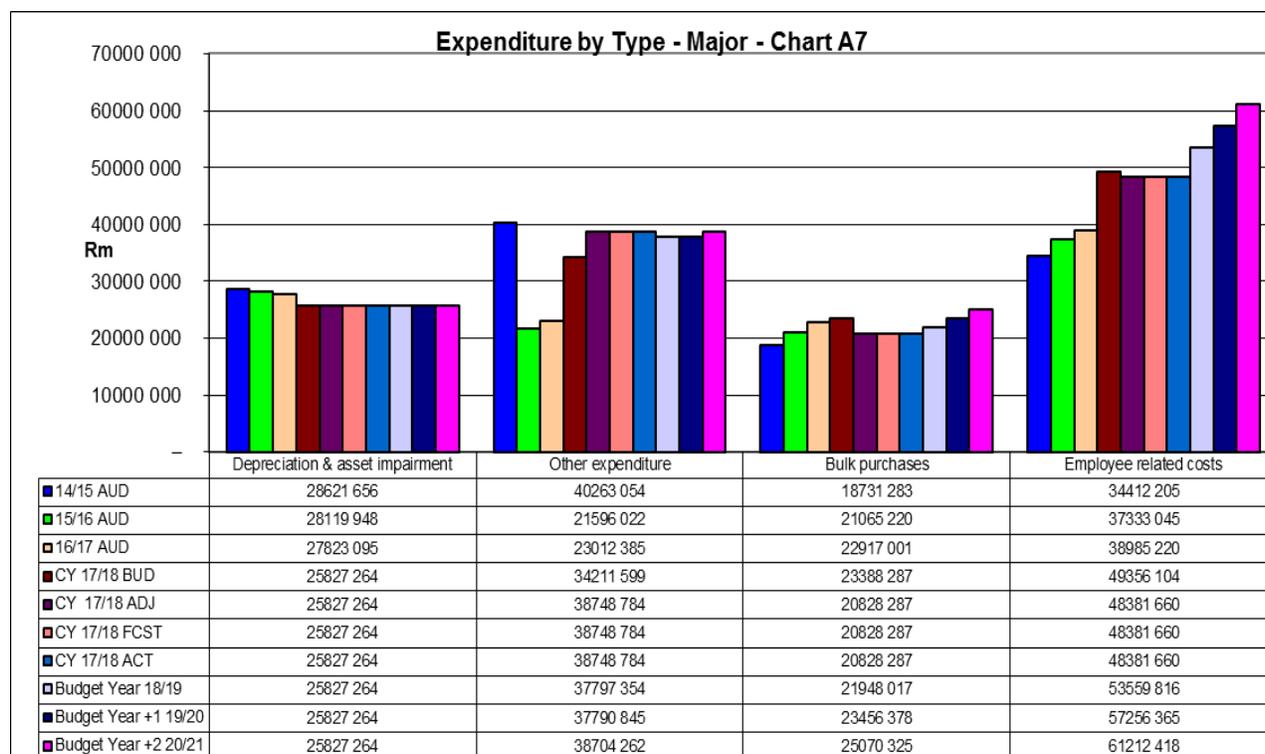


Figure 3 Expenditure by major type

6. Bulk purchases have increased in the 2018/19 financial year when compared to the 2017/18 adjustment budget. 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 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote	1										
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	-	1 485	1 595	-
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	-	10 781	2 000	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	12 266	3 595	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		34	20	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		193	733	2 967	3 500	3 510	3 510	3 510	49	-	-
Vote 3 - COMMUNITY SERVICES		4 550	4 383	4 691	250	9 216	9 216	9 216	342	640	-
Vote 4 - TECHNICAL SERVICES		34 918	208 871	18 722	17 031	28 006	28 006	28 006	13 000	12 116	13 207
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]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		39 695	214 008	26 379	20 781	40 732	40 732	40 732	13 391	12 756	13 207
Total Capital Expenditure - Vote		39 695	214 008	26 379	20 781	40 732	40 732	40 732	25 657	16 351	13 207
Capital Expenditure - Functional											
Governance and administration		227	754	2 967	3 500	3 510	3 510	3 510	1 535	1 595	-
Executive and council		34	20	-	-	-	-	-	-	-	-
Finance and administration		180	515	2 967	3 500	3 510	3 510	3 510	1 535	1 595	-
Internal audit		13	219	-	-	-	-	-	-	-	-
Community and public safety		4 550	4 383	4 691	250	9 216	9 216	9 216	342	640	-
Community and social services		4 144	4 383	4 691	250	250	250	250	142	640	-
Sport and recreation		-	-	-	-	8 966	8 966	8 966	200	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		406	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		4 829	33 957	3 260	11 031	17 371	17 371	17 371	-	8 916	11 287
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		4 829	33 957	3 260	11 031	17 371	17 371	17 371	-	8 916	11 287
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		30 089	174 914	15 462	6 000	10 635	10 635	10 635	23 781	5 200	1 920
Energy sources		1 344	7 535	6 192	2 000	6 635	6 635	6 635	3 000	3 200	1 920
Water management		28 746	162 298	3 614	4 000	4 000	4 000	4 000	10 000	-	-
Waste water management		-	5 052	5 657	-	-	-	-	10 781	2 000	-
Waste management		-	29	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	39 695	214 008	26 379	20 781	40 732	40 732	40 732	25 657	16 351	13 207
Funded by:											
National Government		38 964	213 133	18 565	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Provincial Government		-	-	4 691	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	158	-	-	-	-	-	-	-
Transfers recognised - capital	4	38 964	213 133	23 413	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Public contributions & donations	5	456	-	-	-	-	-	-	-	-	-
Borrowing	6	-	349	1 631	-	-	-	-	-	-	-
Internally generated funds	6	275	525	1 336	3 750	11 876	11 876	11 876	1 877	2 235	-
Total Capital Funding	7	39 695	214 008	26 379	20 781	40 732	40 732	40 732	25 657	16 351	13 207

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. A total capital expenditure has been appropriated at R25.657 million for the 2018/19 financial year and decreases to R16.351 million and R13.207 million in the 2019/20 and 2020/21 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 2018/19, capital transfers totals consist of R23.781 million (92.68 per cent national and 7.32 per cent internally generated) and R14.116 million by 2019/20 (86.33 per cent national and 13.67 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 Budgeted Financial Position**

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS											
Current assets											
Cash		12 505	12 956	16 277	23 805	15 976	15 976	15 976	20 471	27 640	39 789
Call investment deposits	1	5 943	6 292	837	6 138	1 115	1 115	1 115	1 518	1 633	1 853
Consumer debtors	1	43 345	10 410	16 403	117 359	117 359	117 359	117 359	21 446	26 964	32 483
Other debtors		7 075	5 029	4 236	4 075	4 075	4 075	4 075	2 958	1 923	888
Current portion of long-term receivables		3									
Inventory	2	394	410	437	401	401	401	401	465	493	520
Total current assets		69 265	35 097	38 191	151 779	138 926	138 926	138 926	46 858	58 653	75 532
Non current assets											
Long-term receivables											
Investments											
Investment property		2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061
Investment in Associate											
Property, plant and equipment	3	512 927	530 974	527 480	566 549	586 490	586 490	586 490	549 879	564 635	579 391
Agricultural											
Biological											
Intangible		59	54	206	3 500	3 510	3 510	3 510	5 039	6 585	6 585
Other non-current assets											
Total non current assets		515 047	533 089	529 747	572 110	592 061	592 061	592 061	556 980	573 281	588 037
TOTAL ASSETS		584 312	568 186	567 937	723 889	730 987	730 987	730 987	603 838	631 934	663 570
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	911	1 241	1 048	-	-	-	-	-	-	-
Consumer deposits		742	774	813	911	911	911	911	1 051	1 289	1 526
Trade and other payables	4	33 735	40 306	40 289	2 850	2 850	2 850	2 850	18 117	19 216	20 316
Provisions		941		1 004	961	961	961	961	1 274	1 544	1 813
Total current liabilities		36 329	42 321	43 155	4 722	4 722	4 722	4 722	20 442	22 049	23 656
Non current liabilities											
Borrowing		2 279	1 256	2 367	979	979	979	979	-	-	-
Provisions		23 909	16 577	16 742	24 908	24 908	24 908	24 908	16 907	17 072	17 237
Total non current liabilities		26 188	17 833	19 109	25 888	25 888	25 888	25 888	16 907	17 072	17 237
TOTAL LIABILITIES		62 517	60 154	62 264	30 610	30 610	30 610	30 610	37 349	39 121	40 893
NET ASSETS	5	521 795	508 031	505 674	693 279	700 377	700 377	700 377	566 489	592 813	622 676
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		521 795	508 031	505 674	693 279	700 377	700 377	700 377	566 489	592 813	622 676
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	521 795	508 031	505 674	693 279	700 377	700 377	700 377	566 489	592 813	622 676

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practices 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 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		6 358	9 254	8 242	9 266	8 870	8 870	8 870	8 357	8 859	9 390
Service charges		33 237	16 349	25 430	46 856	39 401	39 401	39 401	47 392	50 523	54 241
Other revenue		16 201	21 520	10 574	14 123	15 549	15 549	15 549	14 507	15 041	15 599
Government - operating	1	34 264	57 164	42 925	44 920	45 088	45 088	45 088	49 275	53 138	57 666
Government - capital	1	38 942	41 802	30 437	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Interest		2 512	2 707	2 967	2 116	2 434	2 434	2 434	2 796	2 945	3 094
Dividends									-	-	-
Payments											
Suppliers and employees		(92 298)	(80 910)	(96 228)	(110 673)	(104 671)	(104 671)	(104 671)	(115 741)	(121 101)	(127 756)
Finance charges		(384)	(1 814)	(1 152)	(260)	(119)	(119)	(119)	-	-	-
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		38 833	66 072	23 194	23 380	35 408	35 408	35 408	30 367	23 520	25 440
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				175					-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(39 289)	(64 579)	(26 363)	(20 781)	(34 622)	(34 622)	(34 622)	(25 657)	(16 351)	(13 207)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(39 289)	(64 579)	(26 188)	(20 781)	(34 622)	(34 622)	(34 622)	(25 657)	(16 351)	(13 207)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing				1 631					-	-	-
Increase (decrease) in consumer deposits					170	170	170	170	140	115	135
Payments											
Repayment of borrowing		(1 043)	(693)	(770)	(979)	(979)	(979)	(979)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 043)	(693)	861	(809)	(809)	(809)	(809)	140	115	135
NET INCREASE/ (DECREASE) IN CASH HELD		(1 499)	800	(2 134)	1 789	(24)	(24)	(24)	4 849	7 284	12 368
Cash/cash equivalents at the year begin:	2	19 947	18 448	19 248	28 154	17 114	17 114	17 114	17 091	21 940	29 224
Cash/cash equivalents at the year end:	2	18 448	19 248	17 114	29 943	17 091	17 091	17 091	21 940	29 224	41 592

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 healthy over the 2014/15 to 2016/17 period and the projections for the 2017/18 to 2020/21 continue to grow.
4. The adopted 2018/19 MTREF provide for a net increase in cash of R4.898 million for the 2018/19 financial year resulting in an overall projected positive cash position of R21.989 million at year end.
5. As part of the 2017/18 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 17.091 million for the 2017/18 financial year.
7. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R21.989 million as at the end of the 2018/19 financial year and increases to R41.642 million by 2020/21.

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

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	18 448	19 248	17 114	29 943	17 091	17 091	17 091	21 989	29 273	41 642
Other current investments > 90 days		(0)	(0)	(0)	0	0	0	0	1	1	1
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		18 448	19 248	17 114	29 943	17 091	17 091	17 091	21 990	29 274	41 642
Application of cash and investments											
Unspent conditional transfers		9 715	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(15 929)	28 741	25 406	(95 645)	(85 620)	(85 620)	(85 620)	(10 280)	(13 961)	(17 637)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(6 214)	28 741	25 406	(95 645)	(85 620)	(85 620)	(85 620)	(10 280)	(13 961)	(17 637)
Surplus(shortfall)		24 661	(9 493)	(8 292)	125 588	102 711	102 711	102 711	32 269	43 235	59 279

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 2014/15 the surplus deteriorated from R24.661 million to a deficit of R 8.292 million in 2016/17 and increases to R59.279 million in 2020/21.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the approved 2018/19 MTREF was funded owing to the significant remaining surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 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 R8.292 million in 2016/17 to R59.279 million by 2020/21.

[Table 26 MBRR Table A9 - Asset Management](#)

NC072 Umsobomvu - Table A9 Asset Management

Description	Ref	2014/15 Audited Outcome	2015/16 Audited Outcome	2016/17 Audited Outcome	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
					Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	39 695	214 008	3 124	20 781	40 732	40 732	1 877	2 235	-
<i>Roads Infrastructure</i>		4 829	13 905	-	11 031	17 371	17 371	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		1 298	7 460	-	2 000	6 635	6 635	-	-	-
<i>Water Supply Infrastructure</i>		28 746	68 146	158	4 000	4 000	4 000	-	-	-
<i>Sanitation Infrastructure</i>		-	5 052	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		34 872	94 563	158	17 031	28 006	28 006	-	-	-
<i>Community Facilities</i>		4 092	4 383	-	250	250	250	133	640	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	8 966	8 966	-	-	-
Community Assets		4 092	4 383	-	250	9 276	9 276	133	640	-
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		406	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		406	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		121	-	-	-	-	-	-	-	-
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		127	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		24	25	189	3 500	3 510	3 510	1 486	1 595	-
Intangible Assets		24	25	189	3 500	3 510	3 510	1 486	1 595	-
Computer Equipment		-	-	-	-	-	-	43	-	-
Furniture and Office Equipment		109	555	1 930	-	-	-	15	-	-
Machinery and Equipment		70	114 330	84	-	-	-	-	-	-
Transport Assets		1	151	764	-	-	-	200	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
<i>Community Facilities</i>		-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		-	-	-	-	-	-	-	-	-
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	23 255	-	-	-	23 781	14 116	13 207
<i>Roads Infrastructure</i>		-	-	3 260	-	-	-	-	8 916	11 287
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	6 192	-	-	-	3 000	3 200	1 920
<i>Water Supply Infrastructure</i>		-	-	3 456	-	-	-	10 000	-	-
<i>Sanitation Infrastructure</i>		-	-	5 657	-	-	-	10 781	2 000	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	18 565	-	-	-	23 781	14 116	13 207
<i>Community Facilities</i>		-	-	4 691	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-	-	-
Community Assets		-	-	4 691	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		-	-	-	-	-	-	-	-	-
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	4 829	13 905	3 260	11 031	17 371	17 371	-	8 916	11 287
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		1 298	7 460	6 192	2 000	6 635	6 635	3 000	3 200	1 920
<i>Water Supply Infrastructure</i>		28 746	68 146	3 614	4 000	4 000	4 000	10 000	-	-
<i>Sanitation Infrastructure</i>		-	5 052	5 657	-	-	-	10 781	2 000	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		34 872	94 563	18 722	17 031	28 006	28 006	23 781	14 116	13 207
<i>Community Facilities</i>		4 092	4 383	4 691	250	250	250	133	640	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	8 966	8 966	-	-	-
Community Assets		4 092	4 383	4 691	250	9 276	9 276	133	640	-
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		406	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		406	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		121	-	-	-	-	-	-	-	-
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		127	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		24	25	189	3 500	3 510	3 510	1 486	1 595	-
Intangible Assets		24	25	189	3 500	3 510	3 510	1 486	1 595	-
Computer Equipment		-	-	-	-	-	-	43	-	-
Furniture and Office Equipment		109	555	1 930	-	-	-	15	-	-
Machinery and Equipment		70	114 330	84	-	-	-	-	-	-
Transport Assets		1	151	764	-	-	-	200	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		39 695	214 008	26 379	20 781	40 732	40 732	25 657	16 351	13 207

ASSET REGISTER SUMMARY - PPE (WDV)		5								
Roads Infrastructure		121 363	154 038	124 584	152 959	159 298	159 298	153 679	162 595	173 881
Storm water Infrastructure						-	-			
Electrical Infrastructure		24 367	56 319	31 822	62 510	67 145	67 145	68 812	72 012	73 932
Water Supply Infrastructure		248 011	315 879	251 147	190 564	190 564	190 564	187 800	187 800	187 800
Sanitation Infrastructure		57 456	83 379	60 671	85 978	85 978	85 978	93 067	95 067	95 067
Solid Waste Infrastructure		39 555	41 406	1 477	41 406	41 406	41 406	5 865	6 721	8 270
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		490 753	651 021	469 701	533 417	544 391	544 391	509 223	524 194	538 950
Community Facilities		12 068	13 278	4 691	8 895	17 861	17 861	16 782	16 782	16 782
Sport and Recreation Facilities										
Community Assets		12 068	13 278	4 691	8 895	17 861	17 861	16 782	16 782	16 782
Heritage Assets										
Revenue Generating		2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061
Non-revenue Generating										
Investment properties		2 061								
Operational Buildings		10 106	138 756	53 089	24 238	24 238	24 238	23 659	23 659	23 659
Housing										
Other Assets		10 106	138 756	53 089	24 238	24 238	24 238	23 659	23 659	23 659
Biological or Cultivated Assets										
Servitudes										
Licences and Rights		59	54	206	3 500	3 510	3 510	4 996	6 585	6 585
Intangible Assets		59	54	206	3 500	3 510	3 510	4 996	6 585	6 585
Computer Equipment								43		
Furniture and Office Equipment								15		
Machinery and Equipment										
Transport Assets								200		
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	515 047	805 170	529 747	572 110	592 061	592 061	556 980	573 281	588 037
EXPENDITURE OTHER ITEMS										
Depreciation	7	28 622	28 120	27 823	25 827					
Repairs and Maintenance by Asset Class	3	3 858	2 916	3 111	3 496	5 151	5 151	3 320	3 250	3 250
Roads Infrastructure		388	433	300	390	1 390	1 390	388	388	388
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		1 002	548	795	891	1 061	1 061	721	721	721
Water Supply Infrastructure		459	172	541	500	500	500	250	250	250
Sanitation Infrastructure		229	203	21	50	50	50	50	50	50
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		2 078	1 355	1 657	1 831	3 001	3 001	1 409	1 409	1 409
Community Facilities		861	5	2	5	5	5	5	5	5
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		861	5	2	5	5	5	5	5	5
Heritage Assets										
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties										
Operational Buildings		135	371	101	250	252	252	295	245	245
Housing		-	-	-	-	-	-	-	-	-
Other Assets		135	371	101	250	252	252	295	245	245
Biological or Cultivated Assets										
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets										
Computer Equipment										
Furniture and Office Equipment		9	1	20	35	40	40	37	37	37
Machinery and Equipment		170	104	159	263	503	503	333	333	333
Transport Assets		602	1 079	1 172	1 114	1 352	1 352	1 242	1 222	1 222
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL EXPENDITURE OTHER ITEMS		32 478	31 036	30 934	29 324	30 978	30 978	29 147	29 077	29 077
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%	88.2%	0.0%	0.0%	0.0%	92.7%	86.3%	100.0%
Renewal and upgrading of Existing Assets as % of deprecn		0.0%	0.0%	83.6%	0.0%	0.0%	0.0%	92.1%	54.7%	51.1%
R&M as a % of PPE		0.8%	0.5%	0.6%	0.6%	0.9%	0.9%	0.6%	0.6%	0.6%
Renewal and upgrading and R&M as a % of PPE		1.0%	0.0%	5.0%	1.0%	1.0%	1.0%	5.0%	3.0%	3.0%

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 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	8 505	8 505	8 505	8 505	8 505	8 505
Piped water inside yard (but not in dwelling)		-	-	-	289	289	289	289	289	289
Using public tap (at least min.service level)	2	-	-	-	12	12	12	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	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>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	8 806	8 806	8 806	8 806	8 806	8 806
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	7 722	7 722	7 722	7 722	7 722	7 722
Flush toilet (with septic tank)		-	-	-	236	236	236	236	236	236
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	794	794	794	794	794	794
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	8 752	8 752	8 752	8 752	8 752	8 752
Bucket toilet		-	-	-	54	54	54	54	54	54
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	54	54	54	54	54	54
Total number of households	5	-	-	-	8 806	8 806	8 806	8 806	8 806	8 806
Energy:										
Electricity (at least min.service level)		-	-	-	2 822	2 822	2 822	2 822	2 822	2 822
Electricity - prepaid (min.service level)		-	-	-	5 984	5 984	5 984	5 984	5 984	5 984
<i>Minimum Service Level and Above sub-total</i>		-	-	-	8 806	8 806	8 806	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>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	8 806	8 806	8 806	8 806	8 806	8 806
Refuse:										
Removed at least once a week		-	-	-	7 769	7 769	7 769	7 769	7 769	7 769
<i>Minimum Service Level and Above sub-total</i>		-	-	-	7 769	7 769	7 769	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>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	7 769	7 769	7 769	7 769	7 769	7 769
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	3 556	3 006	3 006	3 556	3 556	3 556
Sanitation (free minimum level service)		-	-	-	3 556	3 006	3 006	3 556	3 556	3 556
Electricity/other energy (50kwh per household per month)		-	-	-	3 556	3 006	3 006	3 556	3 556	3 556
Refuse (removed at least once a week)		-	-	-	3 556	3 006	3 006	3 556	3 556	3 556
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	1 935	1 795	1 795	2 051	2 174	2 174
Sanitation (free sanitation service to indigent households)		-	-	-	1 987	1 847	1 847	2 106	2 232	2 232
Electricity/other energy (50kwh per indigent household per month)		-	-	-	2 141	2 001	2 001	2 291	2 452	2 452
Refuse (removed once a week for indigent households)		-	-	-	1 391	1 251	1 251	1 475	1 563	1 563
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	7 455	6 895	6 895	7 923	8 422	8 422
Highest level of free service provided per household										
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)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)					545					
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA					273	273	273	289	307	325
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										
Total revenue cost of subsidised services provided	6				818	273	273	289	307	325

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 2018/2019, 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 R0.660 million per month or R 7.923 million in 2018/19 increasing to R8.422 million in 2020/21. 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 2017** – 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 2018/19 MTREF;
- **November 2017** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **11 to 25 January 2018** - 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 2018** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 February 2018** - Council considers the 2017/18 Mid-year Review and Adjustments Budget;

- **February 2018** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2018/19 MTREF is revised accordingly;
- **29 March 2018** - Tabling in Council of the draft 2018/19 IDP and 2018/19 MTREF for public consultation;
- **April 2018** – The draft 2018/19 MTREF as tabled before Council on 29 March 2018 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;
- **7 May 2018** - Closing date for written comments;
- **9 to 20 May 2018** – finalisation of the 2018/19 IDP and 2018/19 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 2018** - Tabling of the 2018/19 MTREF before Council for consideration and approval.

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

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the first review IDP for the 2018 – 2022 financial period which will be adopted by Council in May 2018. It started in August 2017 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2018/19 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 2018/19 MTREF, based on the approved 2017/18 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 2018/19 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 2017/18 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 2018/19 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 2018/19 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 2017/18 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 90 and 91 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The 2018/19 MTREF as tabled before Council on 31 May 2018 for community consultation will be published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries. E-mail notifications will be 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) will be 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 2018/19 MTREF as tabled before Council on 31 May 2018 for community consultation was published on the municipality's website, and hard copies will be 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 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2017/18 Financial Year	2018/19 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 save 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 2018/2019 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Basic Services	Provision & maintenance of infrastructure & basic services	1											
	PUBLIC WORKS	1		4 565	1 143	492	1 060	1 092	1 092	1 092	92	92	
	WORKSHOP	5											
	HOUSING SERVICES	5		406		2							
	WATER TREATMENT WORKS	6											
	WATER	1		11 617	9 729	7 836	14 027	15 212	15 212	15 751	16 669	17 785	
	SEWERAGE	1		8 221	9 466	10 633	8 844	9 021	9 021	9 413	9 978	10 710	
	WASTE WATER TREATMENT WORKS	3											
	SOLID WASTE	3		6 309	6 773	7 453	6 082	6 567	6 567	6 812	7 221	7 748	
	ELECTRICITY	4		25 025	29 060	28 376	35 174	32 522	32 522	34 593	37 013	39 774	
REFUSE DUPM	2												
Municipal Institutional Development and Transformation	Social Services												
	PARKS & RECREATION	2				3 341							
	TRAFFIC SERVICES	13		7 429	3 156		8 342	9 455	9 455	9 927	10 424	10 945	
	MUSEUM	12		1	5	1	6	6	6	6	6	6	
	LIBRARIES	8		992	1 543	1 901	1 680	1 680	1 680	1 480	1 680	1 680	
	CEMETERIES	9		21	23	23	27	30	30	32	34	36	
	PROPERTY SERVICES	15		4 566	309	(501)	290	316	316	333	352	372	
	ASSESSMENT RATES	8		8 521	8 361		9 495	10 060	10 060	10 664	11 304	11 982	
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		6 603	3 988	12 096	7 594	7 779	7 779	7 930	7 945	7 945	
Good Governance and Public Participation	Council												
	MAYOR												
	COUNCIL EXPENSES	17		32 382	29 229	30 508	39 760	39 760	39 760	44 259	48 914	53 423	
	MUNICIPAL MANAGER	17											
CORPORATE SERVICE	17		12	10	34	12	69	69	39	42	44		
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and contributions)				1	116 669	102 795	102 193	132 394	133 568	133 568	142 330	151 671	162 540

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Basic Services	Provision & maintenance	1											
	PUBLIC WORKS	1		15 899	17 688		12 938	13 221	13 221	12 487	12 810	13 156	
	WORKSHOP	5		387			484	473	473	505	539	575	
	HOUSING SERVICES	5		518	578		850	847	847	2 747	2 937	3 141	
	WATER TREATMENT	6											
	WATER	1		23 604	32 990		26 935	27 681	27 681	27 426	28 129	28 880	
	SEWERAGE	1		8 935	14 016		10 936	11 666	11 666	11 893	12 217	12 574	
	WASTE WATER	3											
	SOLID WASTE	3		6 130	11 315		8 600	9 232	9 232	9 434	9 657	9 895	
	ELECTRICITY	4		23 576	25 542		28 545	26 038	26 038	26 989	28 624	30 385	
REFUSE DUPM	2												
Municipal Institutional	Social Services												
	PARKS & RECREATION	2		925	932		3 252	2 840	2 840	3 067	3 274	3 495	
	TRAFFIC SERVICES	13		7 034	2 140		8 009	9 737	9 737	9 694	10 163	10 662	
	MUSEUM	12		482	515		613	605	605	625	661	699	
	LIBRARIES	8		1 044	1 209		1 768	1 769	1 769	1 480	1 680	1 688	
	CEMETERIES	9		1 242	1 441		1 930	1 790	1 790	1 840	1 892	1 948	
	PROPERTY SERVICES	15		2 717	1 641		4 070	4 317	4 317	4 589	4 729	4 932	
ASSESSMENT RATES	8		774			1 925	1 825	1 825	2 975	1 935	1 935		
Local Economic	Tourism												
LED AND IDP	3												
Municipal Financial	To effectively manage the												
FINANCE	17		12 884	17 813		18 204	17 978	17 978	18 895	19 900	20 973		
Good Governance and	Council												
	MAYOR			2 717	10 875		3 841	3 205	3 205	3 395	3 604	3 827	
	COUNCIL EXPENSES	17		12 797			7 109	8 851	8 851	9 195	9 574	9 923	
	MUNICIPAL MANAGER	17		1 956	2 012		2 695	3 319	3 319	3 487	3 677	3 880	
CORPORATE SERVICE	17		5 687	7 249		6 589	4 904	4 904	5 137	5 419	5 721		
Allocations to other priorities													
Total Expenditure				1	129 310	147 957	-	149 292	150 296	150 296	155 860	161 420	168 288

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
Basic Services	Provision & maintenance	1											
	PUBLIC WORKS	1		4 829	33 957	3 260	11 031	17 371	17 371		8 916	11 287	
	WORKSHOP	5											
	HOUSING SERVICES	5		406						10			
	WATER TREATMENT	6											
	WATER	1		28 746	162 298	3 614	4 000	4 000	4 000	10 000			
	SEWERAGE	1			5 052	5 657				10 781	2 000		
	WASTE WATER	3											
	SOLID WASTE	3			29								
	ELECTRICITY	4		1 344	7 535	6 192	2 000	6 635	6 635	3 000	3 200	1 920	
	REFUSE DUPM	2											
		4											
Municipal Institutional	Social Services												
	PARKS & RECREATION	2						8 966	8 966	200			
	TRAFFIC SERVICES	13											
	MUSEUM	12											
	LIBRARIES	8											
	CEMETERIES	9					250	250	250	133	640		
	PROPERTY SERVICES	15		4 144	4 383	4 691							
	ASSESSMENT RATES	8											
		17											
Local Economic	Tourism												
	LED AND IDP	3											
		7											
Municipal Financial	To effectively manage the												
	FINANCE	17		180	515	2 967	3 500	3 510	3 510	1 485	1 595		
Good Governance and	Council												
	MAYOR												
	COUNCIL EXPENSES	17		34	20								
	MUNICIPAL MANAGER	17											
	CORPORATE SERVICE	17		13	219					49			
		16											
Allocations to other priorities			3										
Total Capital Expenditure				1	39 695	214 008	26 379	20 781	40 732	40 732	25 657	16 351	13 207

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:

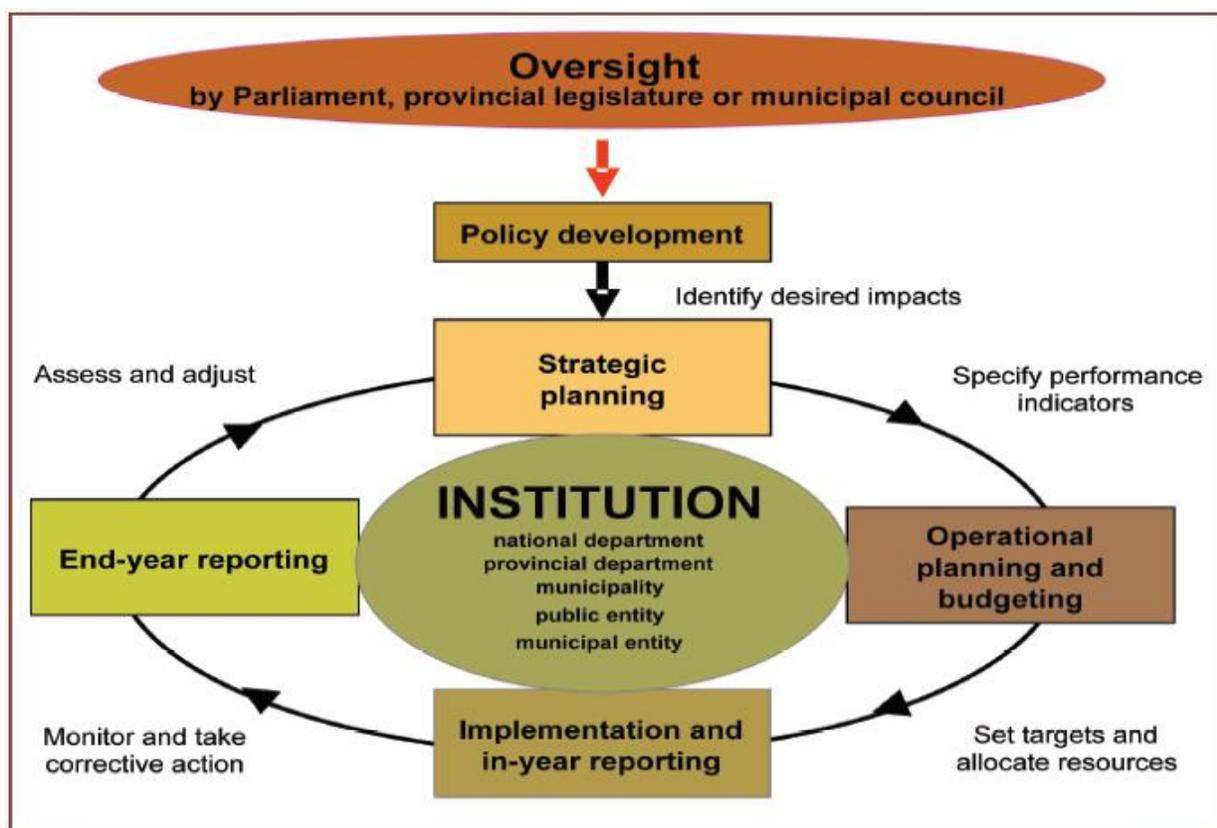


Figure 4 Planning, budgeting and reporting cycle

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:

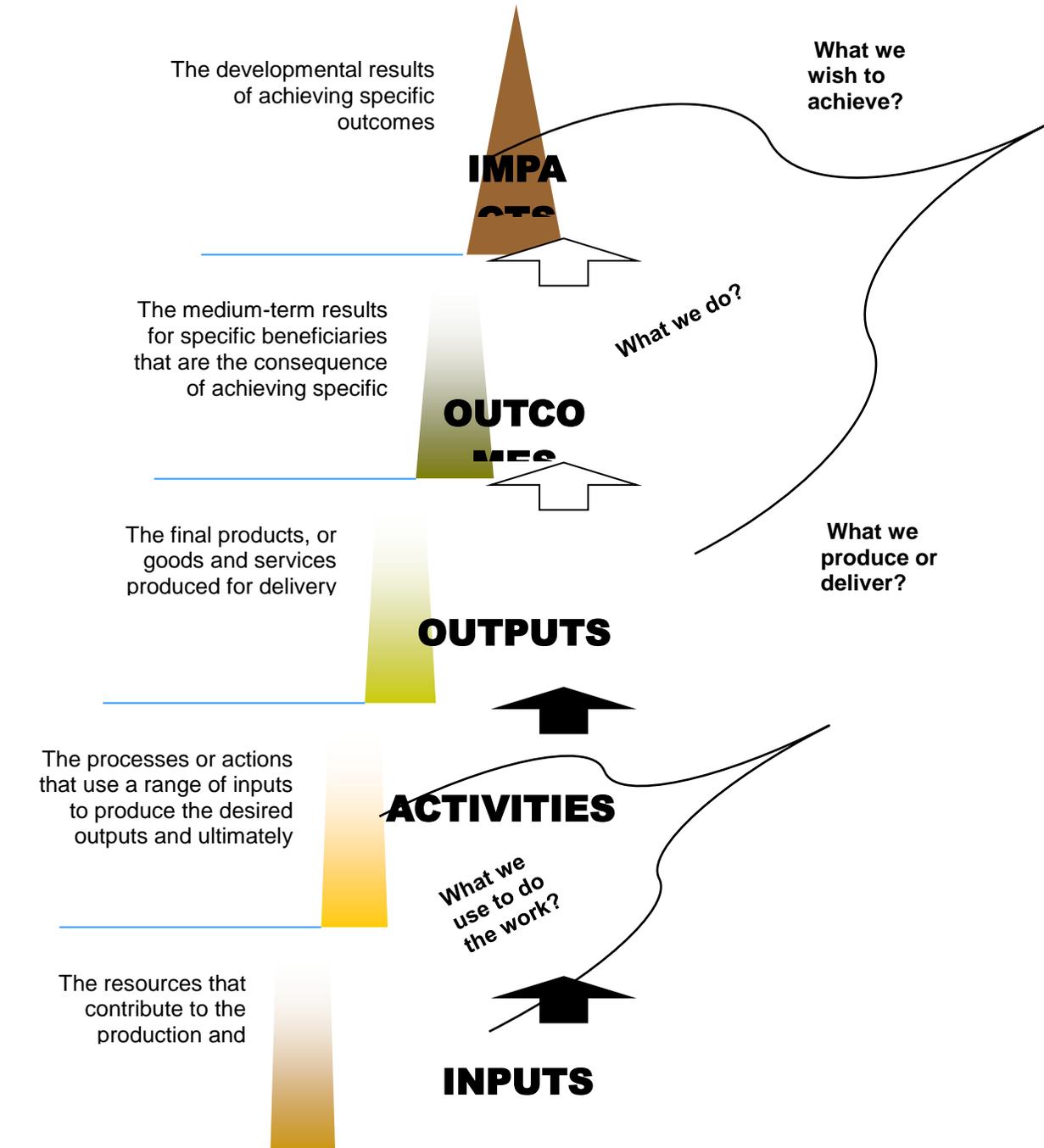


Figure 5 Definition of performance information concepts

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Council										
Council and Municipal Manager										
Council										
Annual performance reporting	Annual report and	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Approval of adjustments budget	Approval of adjustments	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective functioning of committee system	No of section 79	400.0%	400.0%		4.00	4.00	4.00	4.00	4.00	4.00
Effective functioning of MPAC	No of MPAC meetings	400.0%	400.0%		4.00	4.00	4.00	4.00	4.00	4.00
Effective functioning of ward committees	No of ward committee	1200.0%	1200.0%		12.00	12.00	12.00	12.00	12.00	12.00
Approval of final budget	Approval of final budget	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mayor										
Approval of SDBIP	Approval of SDBIP before	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Municipal Manager										
Functional Internal Audit unit	Reviewed and approved	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Functional performance audit committee	No of meetings of the	400.0%	400.0%		4.00	4.00	4.00	4.00	4.00	4.00
Improved good governance	%implementation of anti-									
Institutional performance management system	No of performance	300.0%	400.0%		4.00	4.00	4.00	4.00	4.00	4.00
Municipality comply with all relevant legislation	No of compliance	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance										
Finance										
Clean Audit	% of Root causes of	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of total conditional	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Preparation of financial statements	Financial statements	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Updated indigent register for the provision of	Updated indigent register	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of conditional capital		100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New financial system	% procurement of new		100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improved revenue collection	% debt recovery rate	90.0%	90.0%		90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Effective Supply Chain Management System	No of tenders	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reduce section 32 expenditure	Value less < than R5m	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Asset Management	Compliance with GRAP	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Corporate Services										
Corporate Services										
Sub-function 1 - (name)										
Reaching of employment equity targets	% Target reached as per	90.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Targeted skills development	The % of budget spent on	90.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective labour relations	No of LLF meetings		400.0%		4.00	4.00	4.00	4.00	4.00	4.00
Effective and update HR policies	Revision of all HR	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Local Economic Development										
Reviewed IDP	IDP reviewed annually	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Enhancement of economic development	Value of contracts signed									
Employment through job creation initiatives	No of temporary jobs	1000.0%	1000.0%		10.00	10.00	10.00	10.00	10.00	10.00
Community Services										
Maintenance of halls and facilities	% of maintenance budget	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Technical Services										
Roads and Stormwater										
Sub-function 1 - (name)										
Improvement in conditional grant spending-	% of conditional capital	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of municipal roads	% of maintenance budget	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of municipal roads (Reseal)	Kilometres of roads	200.0%	200.0%		2.00	2.00	2.00	2.00	2.00	2.00
Maintenance of refuse removal services	% of maintenance budget	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of sanitation services	% of maintenance budget	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of water assets	% of maintenance budget	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New water connections	No of new water	10000.0%	10000.0%		100.00	100.00	100.00	100.00	100.00	100.00
Replacement of existing water meters	No of meters replaced									
Maintenance of electricity network	% of maintenance budget	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New electricity connections	No of new electricity	10000.0%	10000.0%		100.00	100.00	100.00	100.00	100.00	100.00
Replacement of existing electricity meters	No of electricity meters	1000.0%	1000.0%		10.00	10.00	10.00	10.00	10.00	10.00
Maintenance of stormwater services	% of maintenance budget	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.1%	1.7%	2.1%	0.8%	0.7%	0.7%	0.7%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.9%	4.0%	4.5%	1.4%	1.2%	1.2%	1.2%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	55.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
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%
Liquidity											
Current Ratio	Current assets/current liabilities	1.9	0.8	0.9	32.1	29.4	29.4	29.4	2.3	2.7	3.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day/current liabilities	1.9	0.8	0.9	32.1	29.4	29.4	29.4	2.3	2.7	3.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.5	0.4	6.3	3.6	3.6	3.6	1.1	1.3	1.8
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		68.8%	54.4%	66.3%	79.5%	69.5%	69.5%	69.5%	76.0%	76.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		68.8%	54.4%	66.3%	79.5%	69.5%	69.5%	69.5%	76.0%	76.1%	76.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	43.2%	15.0%	20.2%	91.7%	90.9%	90.9%	90.9%	17.1%	19.0%	20.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		118.9%	209.4%	235.4%	8.3%	14.6%	14.6%	14.6%	37.6%	27.3%	18.5%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.5%	36.3%	38.1%	37.3%	36.2%	36.2%	36.2%	37.6%	37.8%	37.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.1%	39.3%	41.5%	40.1%	39.1%	39.1%	39.1%	40.5%	40.7%	40.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.3%	2.8%	3.0%	2.6%	3.9%	3.9%	3.9%	2.3%	2.1%	2.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	24.9%	29.1%	29.2%	19.7%	19.4%	19.4%	19.4%	18.1%	17.0%	15.9%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	22.0	17.0	20.0	25.6	25.6	25.6	31.6	31.6	31.9	33.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	86.1%	32.3%	40.4%	171.4%	174.1%	174.1%	174.1%	33.2%	36.9%	39.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.9	2.2	2.4	3.5	2.0	2.0	2.0	2.5	3.1	4.2

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Umsobomvu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2018/19 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 per cent in 2018/19 as the municipality has finally met its financial obligation in the 2017/18 financial year.
- *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 met its financial obligation.

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.

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 for in order for the municipality to remain financially viable.

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 2018/19 MTREF the current ratio is 2.29 and 2.66 and 3.19 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 high.
- *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 2017/18 financial year the ratio was 2.27 and as part of the financial planning strategy it has been stabilized at 2.63 in the 2018/19 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 free 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 March 2018 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 2018/19 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 72 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 March 2018. 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 adopted by Council in March 2018.

2.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was adopted by Council in March 2018. 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 adopted in March 2018.

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 2017/18 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 2018 will be .7 per cent rising to .8 per cent by 2021.

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 2018/19 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 2018/19 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 2018/19 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 (72 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

In the absence of the collective agreement regarding salaries/wages, a provision of 7 per cent has been made for the 2018/19 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 2018/19 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 13 Summary of Operating Expenditure by Standard Classification Item

Expenditure by type	Current year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full year Forecast	Budget year 2018/2019	% Increase (Decrease)	Budget year +1 2019/2020	Budget year +2 2020/2021
Employee Related Costs	49 356 104.00	48 381 660.00	48 381 660.00	53 559 816.00	10.70%	57 256 365.00	61 212 418.00
Remuneration of Councillors	3 716 887.00	3 859 405.00	3 859 405.00	4 129 563.00	7.00%	4 418 633.00	4 727 937.00
Debt Impaired	11 387 767.00	11 387 767.00	11 387 767.00	11 387 767.00	0.00%	11 387 767.00	11 387 767.00
Depreciation & Asset Impairment	25 827 264.00	25 827 264.00	25 827 264.00	25 827 264.00	0.00%	25 827 264.00	25 827 264.00
Finance Charges	260 000.00	119 000.00	119 000.00		-100.00%		
Bulk Purchases	23 388 287.00	20 828 287.00	20 828 287.00	21 948 017.00	5.38%	23 456 378.00	25 070 325.00
Other Materials							
Contacted Services	1 123 600.00	1 123 600.00	1 123 600.00	1 191 016.00	6.00%	1 262 477.00	1 338 226.00
Transfers and Grants	-	-	-	-		-	-
Other Expenditure	34 211 599.00	38 748 784.00	38 748 784.00	37 797 354.00	-2.46%	37 790 845.00	38 704 262.00
Loss on Disposable PPE	20 000.00	20 000.00	20 000.00	20 000.00	0.00%	20 000.00	20 000.00
Total Expenditure	149 291 508.00	150 295 767.00	150 295 767.00	155 860 797.00	3.70%	161 419 729.00	168 288 199.00

The following graph is a breakdown of the operational revenue per main category for the 2018/19 financial year.

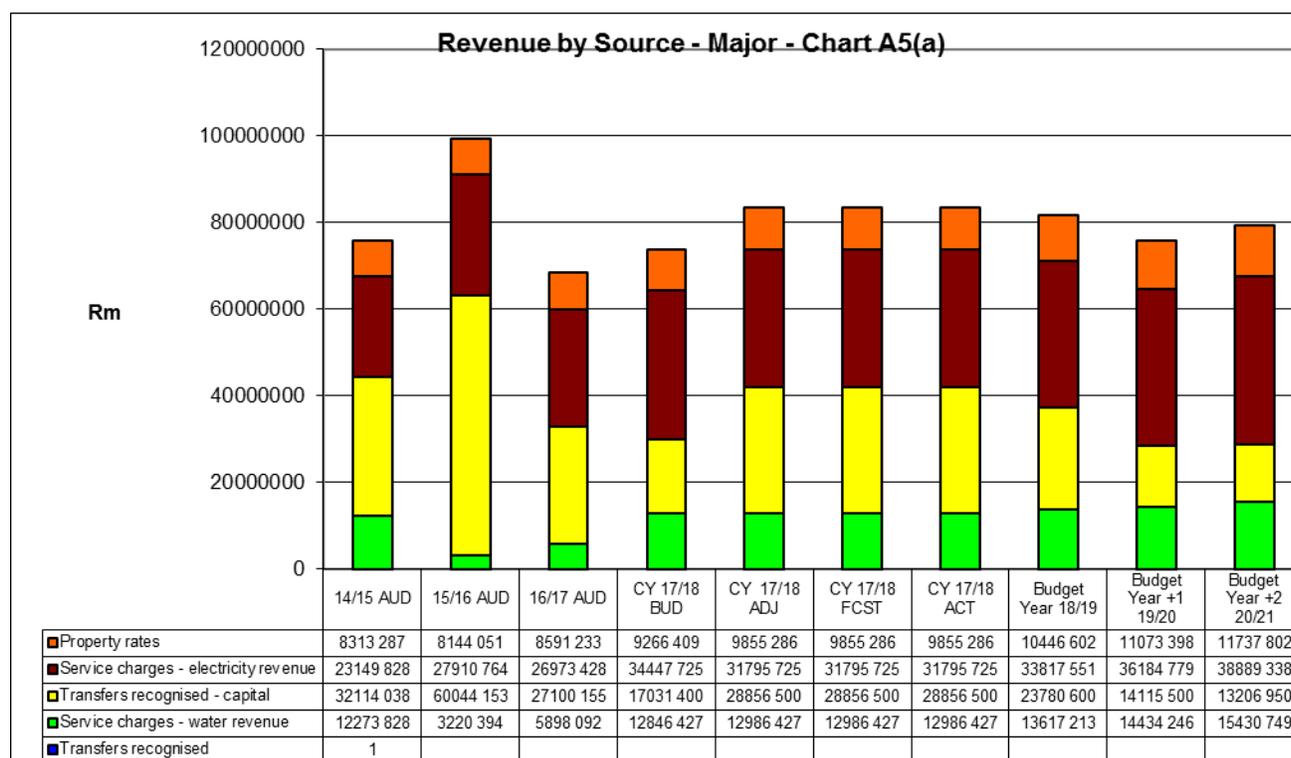


Figure 6 Breakdown of operating revenue over the 2018/19 MTREF

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

Revenue Category	2018/19 Proposed Tariff Increase	2019/20 Proposed Tariff Increase	2020/21 Proposed Tariff Increase	2018/19 Additional Revenue for Each 1% Tariff Increase	2019/20 Additional Revenue Owing To 1% Tariff Increase	2020/21 Total Budgeted Revenue
	%	%	%	R'000	R'000	R'000
Property Rates	6.00%	6.00%	6.00%	R 592	R 626	R 665
Sanitation	6.00%	6.00%	6.00%	R 368	R 537	R 705
Solid Waste	6.00%	6.00%	6.00%	R 226	R 388	R 505
Water	6.00%	6.00%	6.00%	R 631	R 817	R 997
Electricity	6.88%	7.00%	7.00%	R 2 022	R 2 367	R 2 704
Total				R 3 839	R 4 735	R 5 576

Revenue to be generated from property rates is R 10.447 million in the 2018/19 financial year and increases to R 11.738 million by 2020/21 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 R62.863 million for the 2018/19 financial year and increasing to R71.883 million by 2020/21. For the 2018/19 financial year services charges amount to 44.17 per cent of the total revenue base and decreases by 0.01

and increases by 0.05 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 R49.275 million, R53.138 million and R57.666 million for each of the respective financial years of the MTREF, or 34.62, 35.04 and 35.48 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		5 943	6 292		6 138	1 115	1 115	1 518	1 633	1 853
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										
Municipality sub-total	1	5 943	6 292	-	6 138	1 115	1 115	1 518	1 633	1 853
Entities										
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										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		5 943	6 292	-	6 138	1 115	1 115	1 518	1 633	1 853

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												
Parent municipality														
										84	4			87
										151	8			160
										24	1			25
										154	9			163
										14	1			14
										551	34			584
											484	(5 000)	5 000	484
Municipality sub-total										978		(5 000)	5 000	1 518
Entities														
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									978		(5 000)	5 000	1 518

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

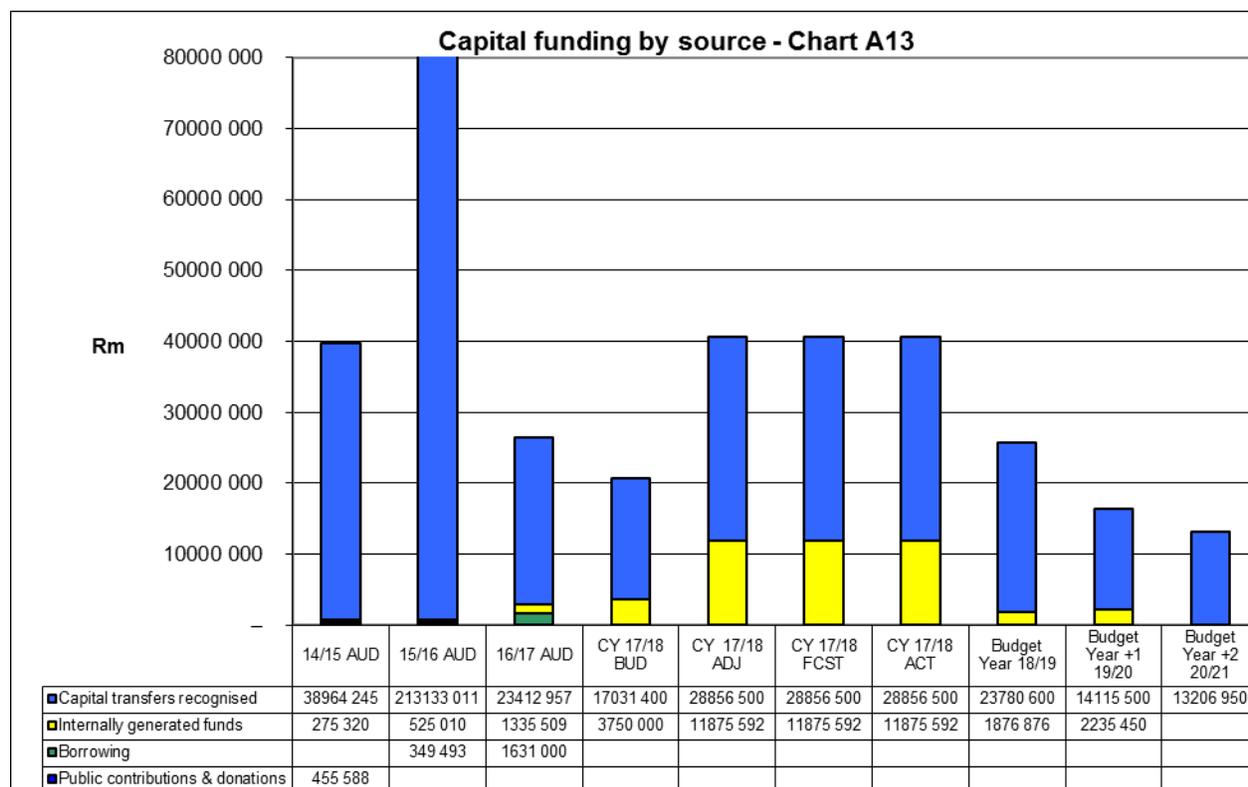


Figure 7 Sources of capital revenue for the 2017/18 financial year

Capital grants and receipts equates to 92.68 per cent of the total funding source which represents R23.781 million for the 2018/19 financial year and decrease to R13.207 million by 2020/21. Grants are decreasing by 44.46 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Parent municipality										
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										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
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										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-

Unspent Borrowing - Categorised by type										
Parent municipality										
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										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
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										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

The following graph illustrates the growth in outstanding borrowing for the 2014/15 to 2020/21 period.

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

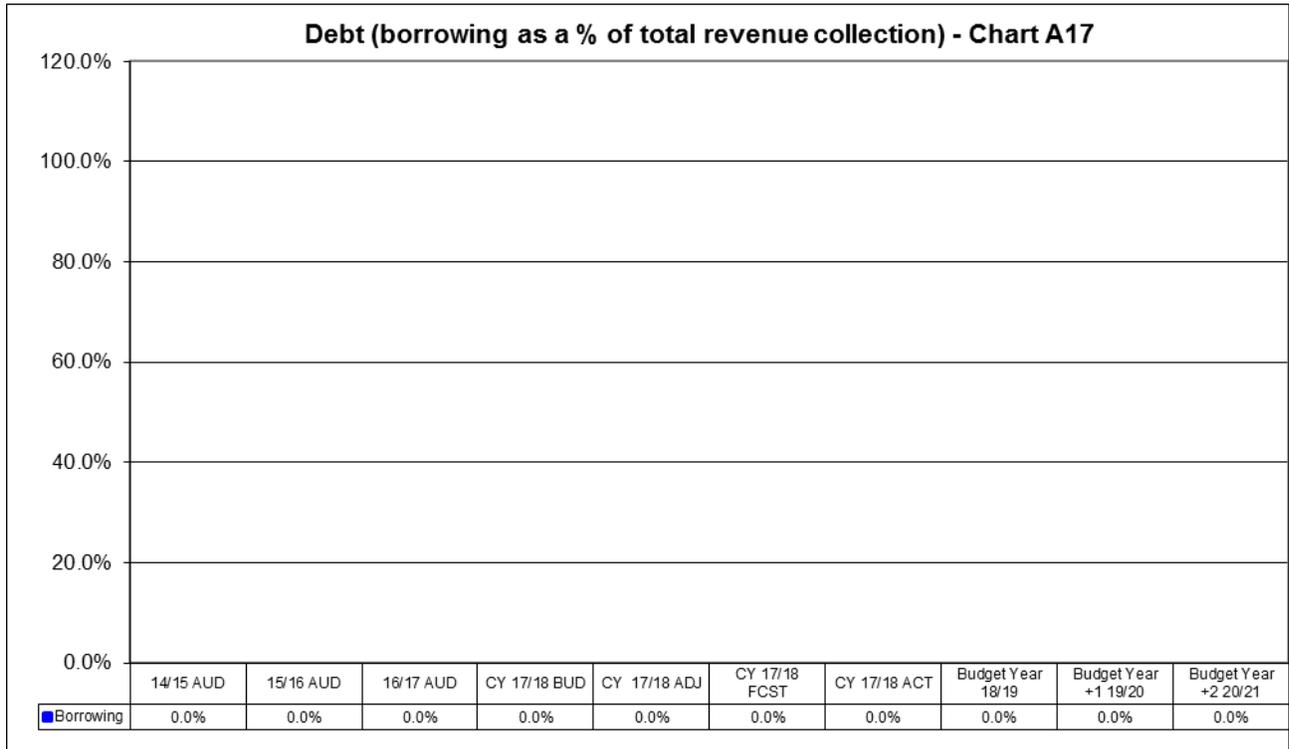


Table 41 MBRR Table SA 18 - Capital transfers and grant receipts**NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts**

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		40 839	37 803	38 483	43 241	43 409	43 409	47 796	51 459	55 987
Local Government Equitable Share		32 382	34 931	36 658	39 760	39 760	39 760	44 259	48 914	53 423
Finance Management		1 668	1 932	1 825	1 900	1 900	1 900	1 970	1 970	1 970
MIG ADMIN - PMU		557		-	581	749	749	567	575	594
EPWP Incentive		4 323		-	1 000	1 000	1 000	1 000		
Municipal Systems Improvement		667	940	-						
Integrated National Electrification Programme		1 241								
Other transfers/grants [insert description]										
Provincial Government:		991	1 542	1 900	1 679	1 679	1 679	1 479	1 679	1 679
Sport and Recreation		991	1 542	1 900	1 679	1 679	1 679	1 479	1 679	1 679
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	41 830	39 345	40 383	44 920	45 088	45 088	49 275	53 138	57 666
Capital Transfers and Grants										
National Government:		32 114	59 338	25 375	17 031	28 857	28 857	23 781	14 116	13 207
Municipal Infrastructure Grant (MIG)		9 987	13 237	10 989	11 031	18 222	18 222	10 781	10 916	11 287
Integrated National Electrification Programme			1 184	38	2 000	6 635	6 635	3 000	3 200	1 920
Water Services Operating Subsidy					4 000	4 000	4 000	10 000		
Electricity Efficiency Demand Grant			3 242	6 554						
Regional Bulk Infrastructure		22 127	39 547	6 840						
EPWP Incentive			2 128	954						
Provincial Government:		-	-	1 568	-	-	-	-	-	-
Other capital transfers/grants [insert description]				1 568						
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	706	158	-	-	-	-	-	-
DBSA			449	158						
Water Blue Drop Management			257							
Total Capital Transfers and Grants	5	32 114	60 044	27 100	17 031	28 857	28 857	23 781	14 116	13 207
TOTAL RECEIPTS OF TRANSFERS & GRANTS		73 944	99 389	67 483	61 951	73 944	73 944	73 056	67 253	70 873

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 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		6 358	9 254	8 242	9 266	8 870	8 870	8 870	8 357	8 859	9 390
Service charges		33 237	16 349	25 430	46 856	39 401	39 401	39 401	47 392	50 523	54 241
Other revenue		16 201	21 520	10 574	14 123	15 549	15 549	15 549	14 507	15 041	15 599
Government - operating	1	34 264	57 164	42 925	44 920	45 088	45 088	45 088	49 275	53 138	57 666
Government - capital	1	38 942	41 802	30 437	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Interest		2 512	2 707	2 967	2 116	2 434	2 434	2 434	2 796	2 945	3 094
Dividends									-	-	-
Payments											
Suppliers and employees		(92 298)	(80 910)	(96 228)	(110 673)	(104 671)	(104 671)	(104 671)	(115 741)	(121 101)	(127 756)
Finance charges		(384)	(1 814)	(1 152)	(260)	(119)	(119)	(119)	-	-	-
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		38 833	66 072	23 194	23 380	35 408	35 408	35 408	30 367	23 520	25 440
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				175					-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(39 289)	(64 579)	(26 363)	(20 781)	(34 622)	(34 622)	(34 622)	(25 657)	(16 351)	(13 207)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(39 289)	(64 579)	(26 188)	(20 781)	(34 622)	(34 622)	(34 622)	(25 657)	(16 351)	(13 207)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing				1 631					-	-	-
Increase (decrease) in consumer deposits					170	170	170	170	140	115	135
Payments											
Repayment of borrowing		(1 043)	(693)	(770)	(979)	(979)	(979)	(979)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 043)	(693)	861	(809)	(809)	(809)	(809)	140	115	135
NET INCREASE/ (DECREASE) IN CASH HELD		(1 499)	800	(2 134)	1 789	(24)	(24)	(24)	4 849	7 284	12 368
Cash/cash equivalents at the year begin:	2	19 947	18 448	19 248	28 154	17 114	17 114	17 114	17 091	21 940	29 224
Cash/cash equivalents at the year end:	2	18 448	19 248	17 114	29 943	17 091	17 091	17 091	21 940	29 224	41 592

The approved 2018/2019 MTREF provide for a further net increase in cash of R4.898 million for the 2018/19 year resulting in an overall projected positive cash position of R21.989 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 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	18 448	19 248	17 114	29 943	17 091	17 091	17 091	21 989	29 273	41 642
Other current investments > 90 days		(0)	(0)	(0)	0	0	0	0	1	1	1
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		18 448	19 248	17 114	29 943	17 091	17 091	17 091	21 990	29 274	41 642
Application of cash and investments											
Unspent conditional transfers		9 715	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(15 929)	28 741	25 406	(95 645)	(85 620)	(85 620)	(85 620)	(10 280)	(13 961)	(17 637)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(6 214)	28 741	25 406	(95 645)	(85 620)	(85 620)	(85 620)	(10 280)	(13 961)	(17 637)
Surplus(shortfall)		24 661	(9 493)	(8 292)	125 588	102 711	102 711	102 711	32 269	43 235	59 279

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 funding 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	18 448	19 248	17 114	29 943	17 091	17 091	17 091	21 940	29 224	41 592
Cash + investments at the yr end less applications - R'000	18(1)b	2	24 661	(9 493)	(8 292)	125 588	102 711	102 711	102 711	32 269	43 234	59 278
Cash year end/monthly employee/supplier payments	18(1)b	3	2.9	2.2	2.4	3.5	2.0	2.0	2.0	2.5	3.1	4.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	19 473	14 513	(1 351)	134	12 128	12 128	12 128	10 250	4 367	7 459
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(24.2%)	1.9%	33.1%	(7.6%)	(6.0%)	(6.0%)	(0.5%)	0.5%	1.1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	75.1%	74.9%	72.1%	80.8%	72.6%	72.6%	72.6%	76.0%	76.0%	76.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	6.6%	67.4%	22.4%	16.1%	16.4%	16.4%	16.4%	15.5%	14.6%	13.6%
Capital payments % of capital expenditure	18(1)c,19	8	99.0%	30.2%	99.9%	100.0%	85.0%	85.0%	85.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	55.0%	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.	(69.4%)	33.7%	488.4%	0.0%	0.0%	0.0%	(79.9%)	18.4%	15.5%
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	0.8%	0.5%	0.6%	0.6%	0.9%	0.9%	0.6%	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%

Supporting indicators											
% incr total service charges (incl prop rates)	18(1)a		(18.2%)	7.9%	39.1%	(1.6%)	0.0%	0.0%	5.5%	6.5%	7.1%
% incr Property Tax	18(1)a		(2.0%)	5.5%	7.9%	6.4%	0.0%	0.0%	6.0%	6.0%	6.0%
% incr Service charges - electricity revenue	18(1)a		20.6%	(3.4%)	27.7%	(7.7%)	0.0%	0.0%	6.4%	7.0%	7.5%
% incr Service charges - water revenue	18(1)a		(73.8%)	83.1%	117.8%	1.1%	0.0%	0.0%	4.9%	6.0%	6.9%
% incr Service charges - sanitation revenue	18(1)a		6.9%	12.4%	(11.8%)	3.8%	0.0%	0.0%	4.3%	6.0%	7.4%
% incr Service charges - refuse revenue	18(1)a		8.0%	9.2%	(18.4%)	8.5%	0.0%	0.0%	3.6%	6.0%	7.4%
% incr in Service charges - other	18(1)a		0.0%	1.5%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	57 527	47 037	50 748	70 594	69 473	69 473	69 473	73 310	78 047	83 621
Service charges		57 527	47 037	50 748	70 594	69 473	69 473	69 473	73 310	78 047	83 621
Property rates		8 313	8 144	8 591	9 266	9 855	9 855	9 855	10 447	11 073	11 738
Service charges - electricity revenue		23 150	27 911	26 973	34 448	31 796	31 796	31 796	33 818	36 185	38 889
Service charges - water revenue		12 274	3 220	5 898	12 846	12 986	12 986	12 986	13 617	14 434	15 431
Service charges - sanitation revenue		7 816	8 355	9 393	8 284	8 600	8 600	8 600	8 968	9 505	10 210
Service charges - refuse removal		5 974	6 450	7 044	5 749	6 235	6 235	6 235	6 461	6 849	7 354
Service charges - other		-	(7 044)	(7 151)	-	-	-	-	-	-	-
Rental of facilities and equipment		1 046	759	357	271	276	276	276	291	307	324
Capital expenditure excluding capital grant funding		731	875	2 967	3 750	11 876	11 876	11 876	1 877	2 235	-
Cash receipts from ratepayers	18(1)a	55 796	47 123	44 245	70 245	63 820	63 820	63 820	70 256	74 423	79 230
Ratepayer & Other revenue	18(1)a	74 308	62 911	61 357	86 914	87 948	87 948	87 948	92 495	97 963	104 304
Change in consumer debtors (current and non-current)		(44 219)	(34 984)	5 200	100 796	100 796	100 796	100 796	(97 030)	4 483	4 483
Operating and Capital Grant Revenue	18(1)a	73 944	99 390	67 483	61 951	73 944	73 944	73 944	73 056	67 253	70 873
Capital expenditure - total	20(1)(vi)	39 695	214 008	26 379	20 781	40 732	40 732	40 732	25 657	16 351	13 207
Capital expenditure - renewal	20(1)(vi)	-	-	-	-	-	-	-	-	-	-
Supporting benchmarks											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY											
DoRA capital grants total MFY											
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/advised national, provincial and district grants											
Average annual collection rate (arrears inclusive)											
DoRA operating											
<i>List operating grants</i>											
DoRA capital											
<i>List capital grants</i>											
Trend											
Change in consumer debtors (current and non-current)		(44 219)	(34 984)	5 200	100 796	(97 030)	4 483	4 483	-	-	-
Total Operating Revenue											
Total Operating Revenue		116 669	102 795	102 193	132 394	133 568	133 568	133 568	142 330	151 671	162 540
Total Operating Expenditure		129 310	147 957	130 644	149 292	150 296	150 296	150 296	155 861	161 420	168 288
Operating Performance Surplus/(Deficit)		(12 641)	(45 162)	(28 451)	(16 898)	(16 728)	(16 728)	(16 728)	(13 530)	(9 749)	(5 748)
Cash and Cash Equivalents (30 June 2012)											
									21 940		
Revenue											
% Increase in Total Operating Revenue			(11.9%)	(0.6%)	29.6%	0.9%	0.0%	0.0%	6.6%	6.6%	7.2%
% Increase in Property Rates Revenue			(2.0%)	5.5%	7.9%	6.4%	0.0%	0.0%	6.0%	6.0%	6.0%
% Increase in Electricity Revenue			20.6%	(3.4%)	27.7%	(7.7%)	0.0%	0.0%	6.4%	7.0%	7.5%
% Increase in Property Rates & Services Charges			(18.2%)	7.9%	39.1%	(1.6%)	0.0%	0.0%	5.5%	6.5%	7.1%
Expenditure											
% Increase in Total Operating Expenditure			14.4%	(11.7%)	14.3%	0.7%	0.0%	0.0%	3.7%	3.6%	4.3%
% Increase in Employee Costs			8.5%	4.4%	26.6%	(2.0%)	0.0%	0.0%	10.7%	6.9%	6.9%
% Increase in Electricity Bulk Purchases			13.2%	8.1%	3.2%	(13.0%)	0.0%	0.0%	7.3%	7.0%	7.0%
Average Cost Per Budgeted Employee Position (Remuneration)				195905.6281	248020.6231				267799.08		
Average Cost Per Councillor (Remuneration)				0	0				0		
R&M % of PPE		0.8%	0.5%	0.6%	0.6%	0.9%	0.9%	0.9%	0.6%	0.6%	0.6%
Asset Renewal and R&M as a % of PPE		1.0%	0.0%	5.0%	1.0%	1.0%	1.0%	1.0%	5.0%	3.0%	3.0%
Debt Impairment % of Total Billable Revenue		6.6%	67.4%	22.4%	16.1%	16.4%	16.4%	16.4%	15.5%	14.6%	13.6%
Capital Revenue											
Internally Funded & Other (R'000)		731	525	1 336	3 750	11 876	11 876	11 876	1 877	2 235	-
Borrowing (R'000)		-	349	1 631	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		38 964	213 133	23 413	17 031	28 857	28 857	28 857	23 781	14 116	13 207
Internally Generated funds % of Non Grant Funding		100.0%	60.0%	45.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
Borrowing % of Non Grant Funding		0.0%	40.0%	55.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		98.2%	99.6%	88.8%	82.0%	70.8%	70.8%	70.8%	92.7%	86.3%	100.0%
Capital Expenditure											
Total Capital Programme (R'000)		39 695	214 008	26 379	20 781	40 732	40 732	40 732	25 657	16 351	13 207
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%	0.0%
Cash											
Cash Receipts % of Rate Payer & Other		75.1%	74.9%	72.1%	80.8%	72.6%	72.6%	72.6%	76.0%	76.0%	76.0%
Cash Coverage Ratio		0	0	0	0	0	0	0	0	0	0
Borrowing											
Credit Rating (2009/10)									0		
Capital Charges to Operating		1.1%	1.7%	2.1%	0.8%	0.7%	0.7%	0.7%	0.0%	0.0%	0.0%
Borrowing Receipts % of Capital Expenditure		0.0%	0.0%	55.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves											
Surplus/(Deficit)		24 661	(9 493)	(8 292)	125 588	102 711	102 711	102 711	32 269	43 234	59 278
Free Services											
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	18.7%	17.3%	17.3%	17.3%	17.9%	17.2%	15.8%
Free Services as a % of Operating Revenue (excl operational transfers)		0.3%	0.0%	0.0%	0.9%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
High Level Outcome of Funding Compliance											
Total Operating Revenue		116 669	102 795	102 193	132 394	133 568	133 568	133 568	142 330	151 671	162 540
Total Operating Expenditure		129 310	147 957	130 644	149 292	150 296	150 296	150 296	155 861	161 420	168 288
Surplus/(Deficit) Budgeted Operating Statement		(12 641)	(45 162)	(28 451)	(16 898)	(16 728)	(16 728)	(16 728)	(13 530)	(9 749)	(5 748)
Surplus/(Deficit) Considering Reserves and Cash Backing		24 661	(9 493)	(8 292)	125 588	102 711	102 711	102 711	32 269	43 234	59 278
MTREF Funded (1) / Unfunded (0)		15	1	0	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 2018/19 MTREF shows R21.989 million, R29.273 million and R41.642 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 2018/19 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 2018/19 MTREF the indicative outcome is a surplus of R10.251 million, R4.367 million and R7.459 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 6 per cent, with the increase in electricity at 6.88 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 72 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 72 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		35 225	37 803	40 356	43 241	43 409	43 409	47 796	51 459	55 987
Local Government Equitable Share		32 382	34 931	36 658	39 760	39 760	39 760	44 259	48 914	53 423
Finance Management		1 668	1 932	1 825	1 900	1 900	1 900	1 970	1 970	1 970
MIG ADMIN - PMU		557		873	581	749	749	567	575	594
EPWP Incentive				1 000	1 000	1 000	1 000	1 000		
Municipal Systems Improvement		618	940	-						
Integrated National Electrification Programme										
Other transfers/grants [insert description]										
Provincial Government:		991	1 542	1 900	1 679	1 679	1 679	1 479	1 679	1 679
Sport and Recreation		991	1 542	1 900	1 679	1 679	1 679	1 479	1 679	1 679
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	793	-	-	-	-	-	-	-
DBSA			500							
			293							
Total operating expenditure of Transfers and Grants		36 216	40 138	42 256	44 920	45 088	45 088	49 275	53 138	57 666
Capital expenditure of Transfers and Grants										
National Government:		38 964	213 133	18 565	17 031	28 857	28 857	23 781	14 116	13 207
Municipal Infrastructure Grant (MIG)		8 921	33 816	5 534	11 031	18 222	18 222	10 781	10 916	11 287
Integrated National Electrification Programme		1 298	1 298	38	2 000	6 635	6 635	3 000	3 200	1 920
Water Services Operating Subsidy					4 000	4 000	4 000	10 000		
Electricity Efficiency Demand Grant		-	6 162	6 154						
Regional Bulk Infrastructure		28 746	168 183	6 840						
EPWP Incentive			3 675							
Provincial Government:		-	-	4 691	-	-	-	-	-	-
Other capital transfers/grants [insert description]				4 691						
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	158	-	-	-	-	-	-
DBSA				158						
Total capital expenditure of Transfers and Grants		38 964	213 133	23 413	17 031	28 857	28 857	23 781	14 116	13 207
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		75 180	253 271	65 669	61 951	73 944	73 944	73 056	67 253	70 873

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		40 839	37 803	38 483	43 241	43 409	43 409	47 796	51 459	55 987
Conditions met - transferred to revenue		40 839	37 803	38 483	43 241	43 409	43 409	47 796	51 459	55 987
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		991	1 542	1 900	1 679	1 679	1 679	1 479	1 679	1 679
Conditions met - transferred to revenue		991	1 542	1 900	1 679	1 679	1 679	1 479	1 679	1 679
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		41 830	39 345	40 383	44 920	45 088	45 088	49 275	53 138	57 666
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		32 114	59 338	25 375	17 031	28 857	28 857	23 781	14 116	13 207
Conditions met - transferred to revenue		32 114	59 338	25 375	17 031	28 857	28 857	23 781	14 116	13 207
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		32 114	59 338	25 375	17 031	28 857	28 857	23 781	14 116	13 207
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		73 944	98 684	65 758	61 951	73 944	73 944	73 056	67 253	70 873
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

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	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		2 563	2 700	2 994	3 289	3 194	3 194	3 417	3 656	3 912
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance		224	186	166	177	177	177	190	203	217
Cellphone Allowance		209	209	269	251	488	488	523	559	598
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		2 996	3 095	3 429	3 717	3 859	3 859	4 130	4 419	4 728
% increase	4		3.3%	10.8%	8.4%	3.8%	-	7.0%	7.0%	7.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3 191	3 431	3 660	3 626	3 626	3 626	5 109	5 466	5 849
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus		292	457	389				806	862	923
Motor Vehicle Allowance		445	834	457	455	548	548	648	694	742
Cellphone Allowance		7	7	8						
Housing Allowances					36	9	9	-		
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality		3 935	4 729	4 513	4 116	4 183	4 183	6 563	7 022	7 514
% increase	4		20.2%	(4.6%)	(8.8%)	1.6%	-	56.9%	7.0%	7.0%
Other Municipal Staff										
Basic Salaries and Wages		21 797	24 184	25 803	32 528	31 448	31 448	33 802	36 168	38 700
Pension and UIF Contributions		3 895	4 196	4 440	5 776	5 583	5 583	6 072	6 497	6 952
Medical Aid Contributions		736	758	863	1 014	960	960	1 028	1 101	1 179
Overtime		1 307	1 459	1 667	1 827	1 902	1 902	2 035	2 177	2 330
Performance Bonus										
Motor Vehicle Allowance		458	7	393	173			76	72	67
Cellphone Allowance										
Housing Allowances		48	372	372	239	377	377	404	432	462
Other benefits and allowances		278	367	386	635	658	658	737	789	844
Payments in lieu of leave		1 569	1 732	1 752	2 705	2 662	2 662	2 234	2 390	2 557
Long service awards										
Post-retirement benefit obligations		(685)	(470)	(1 204)	341	609	609	609	609	609
Sub Total - Other Municipal Staff		29 404	32 604	34 472	45 240	44 199	44 199	46 997	50 234	53 699
% increase	4		10.9%	5.7%	31.2%	(2.3%)	-	6.3%	6.9%	6.9%
Total Parent Municipality		36 335	40 428	42 414	53 073	52 241	52 241	57 689	61 675	65 940
% increase			11.3%	4.9%	25.1%	(1.6%)	-	10.4%	6.9%	6.9%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4									
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4									
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4									
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		36 335	40 428	42 414	53 073	52 241	52 241	57 689	61 675	65 940
% increase	4		11.3%	4.9%	25.1%	(1.6%)	-	10.4%	6.9%	6.9%
TOTAL MANAGERS AND STAFF	5.7	33 339	37 333	38 985	49 356	48 382	48 382	53 560	57 256	61 212

Table 49 MBRR SA24 – Summary of personnel numbers

NC072 Umsobomvu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	4	-	4	4	-	4	5	-	5
Other Managers	7	8	4	4	8	4	4	8	4	4
Professionals		32	25	7	32	25	7	32	25	7
<i>Finance</i>		10	10	-	10	10	-	10	10	-
<i>Spatial/town planning</i>		1	1	-	1	1	-	1	1	-
<i>Information Technology</i>		-	-	-	-	-	-	-	-	-
<i>Roads</i>		-	-	-	-	-	-	-	-	-
<i>Electricity</i>		2	2	-	2	2	-	2	2	-
<i>Water</i>		1	1	-	1	1	-	1	1	-
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		18	11	7	18	11	7	18	11	7
Technicians		11	9	2	11	9	2	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	11	9	2	11	9	2
Clerks (Clerical and administrative)		13	10	3	13	10	3	13	10	3
Service and sales workers		35	31	4	35	31	4	35	31	4
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		-	-	-	-	-	-	-	-	-
Plant and Machine Operators		7	7	-	7	7	-	7	7	-
Elementary Occupations		89	86	3	89	86	3	89	86	3
TOTAL PERSONNEL NUMBERS	9	199	172	27	199	172	27	200	172	28
% increase					-	-	-	0.5%	-	3.7%
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	34	31	3	34	31	3	34	31	3
Human Resources personnel headcount	8, 10	165	141	24	165	141	24	166	141	25

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

NC072 Umsobomvu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand																	
Revenue By Source																	
Property rates		2 133	594	580	576	569	576	556	585	583	705	531	2 458	10 447	11 073	11 738	
Service charges - electricity revenue		3 580	3 037	2 833	2 705	2 607	3 037	2 705	2 325	2 018	2 481	2 979	3 510	33 818	36 185	38 889	
Service charges - water revenue		1 098	815	627	1 049	1 049	1 977	2 197	2 098	915	577	627	588	13 617	14 434	15 431	
Service charges - sanitation revenue		747	747	747	747	747	747	747	747	747	747	747	747	8 968	9 505	10 210	
Service charges - refuse revenue		538	538	538	538	538	538	538	538	538	538	538	539	6 461	6 849	7 354	
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		21	19	27	21	24	27	25	28	17	47	19	18	291	307	324	
Interest earned - external investments		8	95	18	80	22	17	40	33	26	12	68	142	560	570	570	
Interest earned - outstanding debtors		185	593	230	105	445	185	464	78	230	223	231	137	3 105	3 299	3 505	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		467	467	467	479	478	477	473	472	472	472	472	2 116	7 312	7 678	8 064	
Licences and permits		189	199	211	155	197	250	281	166	204	207	295	163	2 516	2 641	2 773	
Agency services		29	29	29	29	29	29	29	29	29	29	29	29	342	359	377	
Transfers and subsidies		19 710	-	-	-	17 246	-	-	12 319	-	-	-	-	49 275	53 138	57 666	
Other revenue		45	53	51	51	40	41	61	78	62	186	2 396	2 556	5 619	5 631	5 640	
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		28 752	7 187	6 358	6 534	23 991	7 901	8 116	7 177	18 159	6 223	8 931	13 002	142 330	151 671	162 540	
Expenditure By Type																	
Employee related costs		3 217	3 212	3 217	3 168	3 264	3 307	3 422	3 651	3 283	3 278	3 308	17 232	53 560	57 256	61 212	
Remuneration of councillors		257	275	276	277	277	280	277	280	280	280	380	993	4 130	4 419	4 728	
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	2 153	25 827	25 827	25 827	
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases		38	3 048	2 872	1 532	1 552	1 550	1 686	1 587	1 433	1 539	1 521	3 591	21 948	23 456	25 070	
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracted services		99	99	99	99	99	99	99	99	99	99	99	99	1 191	1 262	1 338	
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		1 737	3 674	2 733	3 509	4 305	2 866	2 626	5 548	2 821	2 192	3 214	2 573	37 797	37 791	38 704	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	20	20	20	20	
Total Expenditure		8 450	13 409	12 299	11 686	12 599	11 203	11 211	14 263	11 018	10 489	11 624	27 610	155 861	161 420	168 288	
Surplus/(Deficit)		20 302	(6 222)	(5 941)	(5 153)	11 393	(3 302)	(3 096)	(7 086)	7 142	(4 266)	(2 693)	(14 608)	(13 530)	(9 749)	(5 748)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 512	-	-	-	8 323	-	-	-	5 945	-	-	-	23 781	14 116	13 207	
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)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		29 814	(6 222)	(5 941)	(5 153)	19 716	(3 302)	(3 096)	(7 086)	13 087	(4 266)	(2 693)	(14 608)	10 250	4 367	7 459	
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	29 814	(6 222)	(5 941)	(5 153)	19 716	(3 302)	(3 096)	(7 086)	13 087	(4 266)	(2 693)	(14 608)	10 250	4 367	7 459	

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

NC072 Umsobomvu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote																
Vote 1 - EXECUTIVE & COUNCIL		17 704				15 491				11 065			-	44 259	48 914	53 423
Vote 2 - FINANCE & ADMIN		2 388	865	869	802	829	894	923	856	865	1 145	3 241	5 289	18 966	19 642	20 343
Vote 3 - COMMUNITY SERVICES		689	1 184	743	692	974	708	1 005	612	756	735	799	2 550	11 445	12 143	12 666
Vote 4 - TECHNICAL SERVICES		15 477	5 138	4 746	5 040	13 265	6 300	6 188	5 709	10 164	4 344	4 891	10 180	91 441	85 087	89 315
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 Revenue by Vote		36 257	7 187	6 358	6 534	30 559	7 901	8 116	7 177	22 850	6 223	8 931	18 019	166 111	165 786	175 747
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL		871	1 383	1 268	1 206	1 206	1 156	1 156	1 471	1 137	1 082	1 199	2 942	16 077	16 855	17 629
Vote 2 - FINANCE & ADMIN		1 712	2 717	2 493	2 370	2 370	2 272	2 272	2 891	2 234	2 126	2 357	5 782	31 596	31 983	33 560
Vote 3 - COMMUNITY SERVICES		1 054	1 673	1 535	1 459	1 459	1 399	1 399	1 780	1 375	1 309	1 451	3 560	19 453	20 606	21 633
Vote 4 - TECHNICAL SERVICES		4 809	7 631	7 001	6 655	6 655	6 380	6 380	8 119	6 274	5 972	6 620	16 238	88 734	91 976	95 465
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 Expenditure by Vote		8 448	13 404	12 297	11 690	11 690	11 206	11 206	14 261	11 019	10 489	11 627	28 522	155 860	161 420	168 288
Surplus/(Deficit) before assoc.		27 810	(6 217)	(5 940)	(5 156)	18 869	(3 305)	(3 091)	(7 085)	11 831	(4 266)	(2 696)	(10 504)	10 251	4 367	7 459
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	27 810	(6 217)	(5 940)	(5 156)	18 869	(3 305)	(3 091)	(7 085)	11 831	(4 266)	(2 696)	(10 504)	10 251	4 367	7 459

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

NC072 Umsobomvu - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional																
Governance and administration		20 092	865	869	802	16 320	894	923	856	11 930	1 145	3 241	5 289	63 225	68 556	73 766
Executive and council		17 704				15 491				11 065			-	44 259	48 914	53 423
Finance and administration		2 388	865	869	802	829	894	923	856	865	1 145	3 241	5 289	18 966	19 642	20 343
Internal audit														-	-	-
Community and public safety		685	695	706	662	703	755	782	667	704	707	795	3 583	11 445	12 143	12 666
Community and social services													1 517	1 517	1 719	1 721
Sport and recreation														-	-	-
Public safety		685	695	706	662	703	755	782	667	704	707	795	2 066	9 927	10 424	10 945
Housing														-	-	-
Health														-	-	-
Economic and environmental services		437	-	-	-	382	-	-	-	273	-	-	-	1 092	9 007	11 379
Planning and development														-	-	-
Road transport		437				382				273				1 092	9 007	11 379
Environmental protection														-	-	-
Trading services		13 398	5 138	4 746	5 040	13 265	6 300	6 188	5 709	10 164	4 344	4 891	11 167	90 349	76 080	77 936
Energy sources		4 780	3 037	2 833	2 705	3 657	3 037	2 705	2 325	2 768	2 481	2 979	4 285	37 593	40 213	41 694
Water management		4 333	815	627	1 049	4 822	1 977	2 197	2 098	3 610	577	627	3 800	26 531	18 669	17 785
Waste water management		3 747	747	747	747	4 247	747	747	747	3 247	747	747	2 192	19 413	9 978	10 710
Waste management		538	538	538	538	538	538	538	538	538	538	538	890	6 812	7 221	7 748
Other														-	-	-
Total Revenue - Functional		34 612	6 698	6 321	6 504	30 670	7 949	7 893	7 232	23 071	6 196	8 928	20 038	166 111	165 786	175 747
Expenditure - Functional																
Governance and administration		2 584	4 100	3 761	3 575	3 575	3 428	3 428	4 362	3 370	3 208	3 556	8 724	47 673	48 838	51 190
Executive and council		871	1 383	1 268	1 206	1 206	1 156	1 156	1 471	1 137	1 082	1 199	2 942	16 077	16 855	17 629
Finance and administration		1 712	2 717	2 493	2 370	2 370	2 272	2 272	2 891	2 234	2 126	2 357	5 782	31 596	31 983	33 560
Internal audit														-	-	-
Community and public safety		1 054	1 673	1 535	1 459	1 459	1 399	1 399	1 780	1 375	1 309	1 451	3 560	19 453	20 606	21 633
Community and social services		214	339	311	296	296	284	284	361	279	266	294	722	3 945	4 233	4 336
Sport and recreation		166	264	242	230	230	221	221	281	217	206	229	561	3 067	3 274	3 495
Public safety		525	834	765	727	727	697	697	887	685	652	723	1 774	9 694	10 163	10 662
Housing		149	236	217	206	206	197	197	251	194	185	205	503	2 747	2 937	3 141
Health														-	-	-
Economic and environmental services		704	1 117	1 025	974	974	934	934	1 189	919	874	969	2 378	12 992	13 349	13 732
Planning and development														-	-	-
Road transport		704	1 117	1 025	974	974	934	934	1 189	919	874	969	2 378	12 992	13 349	13 732
Environmental protection														-	-	-
Trading services		4 105	6 514	5 976	5 681	5 681	5 446	5 446	6 930	5 355	5 097	5 650	13 861	75 742	78 626	81 734
Energy sources		1 463	2 321	2 129	2 024	2 024	1 940	1 940	2 469	1 908	1 816	2 013	4 939	26 989	28 624	30 385
Water management		1 487	2 359	2 164	2 057	2 057	1 972	1 972	2 510	1 939	1 846	2 046	5 019	27 426	28 129	28 880
Waste water management		645	1 023	938	892	892	855	855	1 088	841	887	887	2 176	11 893	12 217	12 574
Waste management		511	811	744	708	708	678	678	863	667	635	704	1 726	9 434	9 657	9 895
Other														-	-	-
Total Expenditure - Functional		8 448	13 404	12 297	11 690	11 690	11 206	11 206	14 261	11 019	10 489	11 627	28 522	155 860	161 420	168 288
Surplus/(Deficit) before assoc.		26 164	(6 706)	(5 976)	(5 186)	18 981	(3 258)	(3 314)	(7 029)	12 052	(4 294)	(2 699)	(8 484)	10 251	4 367	7 459
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	26 164	(6 706)	(5 976)	(5 186)	18 981	(3 258)	(3 314)	(7 029)	12 052	(4 294)	(2 699)	(8 484)	10 251	4 367	7 459

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

NC072 Umsobomvu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE & COUNCIL													-	-	-	-
Vote 2 - FINANCE & ADMIN			134	178	86	102	193	215	116	91	163	144	62	1 485	1 595	-
Vote 3 - COMMUNITY SERVICES														-	-	-
Vote 4 - TECHNICAL SERVICES			970	1 294	625	744	1 401	1 563	841	658	1 186	1 046	453	10 781	2 000	-
Vote 5 - [NAME OF VOTE 5]														-	-	-
Vote 6 - [NAME OF VOTE 6]														-	-	-
Vote 7 - [NAME OF VOTE 7]														-	-	-
Vote 8 - [NAME OF VOTE 8]														-	-	-
Vote 9 - [NAME OF VOTE 9]														-	-	-
Vote 10 - [NAME OF VOTE 10]														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Capital multi-year expenditure sub-total	2	-	1 104	1 472	711	846	1 595	1 779	957	748	1 349	1 190	515	12 266	3 595	-
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL														-	-	-
Vote 2 - FINANCE & ADMIN		49												49	-	-
Vote 3 - COMMUNITY SERVICES			342											342	640	-
Vote 4 - TECHNICAL SERVICES			1 170	1 560	754	897	1 690	1 885	1 014	793	1 430	1 261	546	13 000	12 116	13 207
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]														-	-	-
Capital single-year expenditure sub-total	2	49	1 512	1 560	754	897	1 690	1 885	1 014	793	1 430	1 261	546	13 391	12 756	13 207
Total Capital Expenditure	2	49	2 616	3 032	1 465	1 743	3 285	3 664	1 971	1 541	2 779	2 451	1 061	25 657	16 351	13 207

Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC072 Umsobomvu - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
Governance and administration		49	134	178	86	102	193	215	116	91	163	144	62	1 535	1 595	-
Executive and council														-	-	-
Finance and administration		49	134	178	86	102	193	215	116	91	163	144	62	1 535	1 595	-
Internal audit														-	-	-
Community and public safety		-	342	-	-	-	-	-	-	-	-	-	-	342	640	-
Community and social services			142											142	640	-
Sport and recreation			200											200	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-	-	-	-	8 916	11 287
Planning and development														-	-	-
Road transport														-	8 916	11 287
Environmental protection														-	-	-
Trading services		-	2 140	2 854	1 379	1 641	3 091	3 448	1 855	1 451	2 616	2 307	999	23 781	5 200	1 920
Energy sources			270	360	174	207	390	435	234	183	330	291	126	3 000	3 200	1 920
Water management			900	1 200	580	690	1 300	1 450	780	610	1 100	970	420	10 000	-	-
Waste water management			970	1 294	625	744	1 401	1 563	841	658	1 186	1 046	453	10 781	2 000	-
Waste management														-	-	-
Other														-	-	-
Total Capital Expenditure - Functional	2	49	2 616	3 032	1 465	1 743	3 285	3 664	1 971	1 541	2 779	2 451	1 061	25 657	16 351	13 207
Funded by:																
National Government			2 140	2 854	1 379	1 641	3 091	3 448	1 855	1 451	2 616	2 307	999	23 781	14 116	13 207
Provincial Government														-	-	-
District Municipality														-	-	-
Other transfers and grants														-	-	-
Transfers recognised - capital		-	2 140	2 854	1 379	1 641	3 091	3 448	1 855	1 451	2 616	2 307	999	23 781	14 116	13 207
Public contributions & donations														-	-	-
Borrowing														-	-	-
Internally generated funds		49	476	178	86	102	193	215	116	91	163	144	62	1 877	2 235	-
Total Capital Funding		49	2 616	3 032	1 465	1 743	3 285	3 664	1 971	1 541	2 779	2 451	1 061	25 657	16 351	13 207

Table 55 MBRR SA30 - Budgeted monthly cash flow

NC072 Umsobomvu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Receipts By Source													1			
Property rates	1 707	475	1 966	461	455	461	445	468	466	564	425	464	8 357	8 859	9 390	
Service charges - electricity revenue	3 043	2 582	2 408	2 299	2 216	2 582	2 299	1 977	1 716	2 109	2 532	2 983	28 745	30 757	33 056	
Service charges - water revenue	659	489	376	629	629	1 186	1 318	1 259	549	346	376	353	8 170	8 661	9 258	
Service charges - sanitation revenue	523	523	523	523	523	523	523	523	523	523	523	523	6 277	6 654	7 147	
Service charges - refuse revenue	323	323	323	323	323	323	323	323	323	323	323	646	4 200	4 452	4 780	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	21	19	27	21	24	27	25	28	17	47	19	18	291	307	324	
Interest earned - external investments	8	95	18	80	22	17	40	33	26	12	68	142	560	570	570	
Interest earned - outstanding debtors	133	427	165	75	320	133	334	56	165	160	166	99	2 236	2 375	2 524	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	467	467	467	479	478	477	473	472	472	472	472	2 116	7 312	7 678	8 064	
Licences and permits	189	199	211	155	197	250	281	166	204	207	295	163	2 516	2 641	2 773	
Agency services	29	29	29	29	29	29	29	29	29	29	29	29	342	359	377	
Transfer receipts - operational	19 710	-	-	-	17 246	-	-	-	12 319	-	-	-	49 275	53 138	57 666	
Other revenue	32	38	37	36	29	29	44	56	45	134	1 725	1 840	4 045	4 055	4 060	
Cash Receipts by Source	26 844	5 666	6 550	5 110	22 491	6 037	6 133	5 389	16 853	4 925	6 952	9 376	122 327	130 506	139 990	
Other Cash Flows by Source																
Transfer receipts - capital	7 200	250	-	-	450	7 500	1 200	-	7 181	-	-	-	23 781	14 116	13 207	
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	12	12	12	12	12	12	12	12	12	12	12	12	140	115	135	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source	34 056	5 928	6 561	5 122	22 953	13 548	7 345	5 400	24 045	4 937	6 964	9 389	146 248	144 736	153 331	
Cash Payments by Type																
Employee related costs	3 217	3 212	3 217	3 168	3 264	3 307	3 422	3 651	3 283	3 278	3 308	14 554	50 882	54 394	58 152	
Remuneration of councillors	257	275	276	277	277	280	277	277	280	280	380	787	3 923	4 198	4 492	
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases - Electricity	-	2 938	2 867	1 453	1 453	1 493	1 421	1 547	1 238	2 467	2 567	2 104	21 548	23 056	24 670	
Bulk purchases - Water & Sewer	25	28	36	35	31	45	47	31	35	28	29	29	400	400	400	
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracted services	99	99	99	99	99	99	99	99	99	99	99	99	1 191	1 262	1 338	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	1 737	3 674	2 733	3 509	4 305	2 866	2 626	5 548	2 821	2 192	3 214	2 573	37 797	37 791	38 704	
Cash Payments by Type	5 336	10 226	9 228	8 541	9 429	8 091	7 892	11 153	7 757	8 344	9 597	20 146	115 741	121 101	127 756	
Other Cash Flows/Payments by Type																
Capital assets	49	2 616	3 032	1 465	1 743	3 285	3 664	1 971	1 541	2 779	2 451	1 061	25 657	16 351	13 207	
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flow s/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	5 385	12 842	12 260	10 007	11 173	11 376	11 556	13 124	9 298	11 123	12 048	21 207	141 399	137 452	140 963	
NET INCREASE/(DECREASE) IN CASH HELD	28 671	(6 914)	(5 699)	(4 885)	11 780	2 173	(4 211)	(7 724)	14 747	(6 186)	(5 048)	(11 819)	4 849	7 284	12 368	
Cash/cash equivalents at the month/year begin:	17 091	45 762	38 847	33 149	28 263	40 044	42 216	38 006	30 282	45 029	38 843	33 758	17 091	21 940	29 224	
Cash/cash equivalents at the month/year end:	45 762	38 847	33 149	28 263	40 044	42 216	38 006	30 282	45 029	38 843	33 758	21 940	21 940	29 224	41 592	

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 Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on new assets by Asset Class/Sub-class	1									
Infrastructure		34 872	94 563	158	17 031	28 006	28 006	-	-	-
Roads Infrastructure		4 829	13 905	-	11 031	17 371	17 371	-	-	-
Roads		4 829	13 905		11 031	17 371	17 371			
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		1 298	7 460	-	2 000	6 635	6 635	-	-	-
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors		1 298	7 460		2 000	6 635	6 635			
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		28 746	68 146	158	4 000	4 000	4 000	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		28 746	68 146	158	4 000	4 000	4 000			
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	5 052	-	-	-	-	-	-	-
Pump Station			5 052							
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										

Community Assets	4 092	4 383	-	250	9 216	9 216	133	640	-
Community Facilities	4 092	4 383	-	250	250	250	133	640	-
Halls	4 092	4 383							
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria				250	250	250	133	640	
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	-	-	-	-	8 966	8 966	-	-	-
Indoor Facilities									
Outdoor Facilities					8 966	8 966			
Capital Spares									
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	406	-	-	-	-	-	-	-	-
Revenue Generating	406	-	-	-	-	-	-	-	-
Improved Property	406	-	-	-	-	-	-	-	-
Unimproved Property									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Other assets	121	-	-	-	-	-	-	-	-
Operational Buildings	121	-	-	-	-	-	-	-	-
Municipal Offices	121								
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Spares									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	24	25	189	3 500	3 510	3 510	1 486	1 595	-
Servitudes									
Licences and Rights	24	25	189	3 500	3 510	3 510	1 486	1 595	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications	24	25	189	3 500	3 510	3 510	1 486	1 595	
Load Settlement Software Applications									
Unspecified									
Computer Equipment	-	-	-	-	-	-	43	-	-
Computer Equipment							43		
Furniture and Office Equipment	109	555	1 930	-	-	-	15	-	-
Furniture and Office Equipment	109	555	1 930				15		
Machinery and Equipment	70	114 330	84	-	-	-	-	-	-
Machinery and Equipment	70	114 330	84						
Transport Assets	1	151	764	-	-	-	200	-	-
Transport Assets	1	151	764				200		
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Capital Expenditure on new assets	1	39 695	214 008	3 124	20 781	40 732	40 732	1 877	2 235

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

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on renewal of existing assets by Asset Class/Sub-class	1									
Infrastructure		-	-	-	-	-	-	-	-	-
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										
Core Layers										
Distribution Layers										
Capital Spares										

Community Assets	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Halls									
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
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									
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Other assets	-	-	-	-	-	-	-	-	-
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									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									
Load Settlement Software Applications									
Unspecified									
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets									
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Capital Expenditure on renewal of existing	1	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		2 078	1 355	1 657	1 831	3 001	3 001	1 409	1 409	1 409
Roads Infrastructure		388	433	300	390	1 390	1 390	388	388	388
Roads		388	433	300	390	1 390	1 390	388	388	388
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		1 002	548	795	891	1 061	1 061	721	721	721
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors		868	548	716	671	811	811	571	571	571
MV Substations										
MV Switching Stations										
MV Networks		134	-	79	220	250	250	150	150	150
LV Networks										
Capital Spares										
Water Supply Infrastructure		459	172	541	500	500	500	250	250	250
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		459	172	541	500	500	500	250	250	250
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		229	203	21	50	50	50	50	50	50
Pump Station										
Reticulation		229	203	21	50	50	50	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										

Community Assets	861	5	2	5	5	5	5	5	5	
Community Facilities	861	5	2	5	5	5	5	5	5	
Halls	853	-								
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria		5	2	5	5	5	5	5	5	
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares	8	-								
Sport and Recreation Facilities										
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets										
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties										
Revenue Generating										
Improved Property										
Unimproved Property										
Non-revenue Generating										
Improved Property										
Unimproved Property										
Other assets	135	371	101	250	252	252	295	245	245	
Operational Buildings	135	371	101	250	252	252	295	245	245	
Municipal Offices	102	371	101	247	249	249	292	242	242	
Pay/Enquiry Points										
Building Plan Offices	34	-	-	3	3	3	3	3	3	
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing										
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets										
Biological or Cultivated Assets										
Intangible Assets										
Servitudes										
Licences and Rights										
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment										
Computer Equipment										
Furniture and Office Equipment	9	1	20	35	40	40	37	37	37	
Furniture and Office Equipment	9	1	20	35	40	40	37	37	37	
Machinery and Equipment	170	104	159	263	503	503	333	333	333	
Machinery and Equipment	170	104	159	263	503	503	333	333	333	
Transport Assets	602	1 079	1 172	1 114	1 352	1 352	1 242	1 222	1 222	
Transport Assets	602	1 079	1 172	1 114	1 352	1 352	1 242	1 222	1 222	
Libraries										
Libraries										
Zoo's, Marine and Non-biological Animals										
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	3 856	2 916	3 111	3 496	5 151	5 151	3 320	3 250	3 250
R&M as a % of PPE		0.8%	0.5%	0.6%	0.6%	0.9%	0.9%	0.6%	0.6%	0.6%
R&M as % Operating Expenditure		3.0%	2.0%	2.4%	2.3%	3.4%	3.4%	2.2%	2.1%	2.0%

Table 61 MBRR SA34d – Depreciation by asset class

NC072 Umsobomvu - Supporting Table SA34d Depreciation by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Depreciation by Asset Class/Sub-class	1	27 422	26 734	26 622	24 169	24 169	24 169	24 169	24 169	24 169
Infrastructure		9 337	7 237	7 559	5 619	5 619	5 619	5 619	5 619	5 619
Roads Infrastructure		9 337	7 237	7 559	5 619	5 619	5 619	5 619	5 619	5 619
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		1 259	1 288	1 289	1 333	1 333	1 333	1 333	1 333	1 333
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors		1 259	1 288	1 289	1 333	1 333	1 333	1 333	1 333	1 333
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		12 358	13 804	13 718	12 764	12 764	12 764	12 764	12 764	12 764
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		12 358	13 804	13 718	12 764	12 764	12 764	12 764	12 764	12 764
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		3 688	3 690	3 690	3 692	3 692	3 692	3 692	3 692	3 692
Pump Station										
Reticulation		3 688	3 690	3 690	3 692	3 692	3 692	3 692	3 692	3 692
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		779	715	365	762	762	762	762	762	762
Landfill Sites		779	715	365	762	762	762	762	762	762
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										

Community Assets	713	877	353	1 079	1 079	1 079	1 079	1 079	1 079
Community Facilities	713	877	353	1 079	1 079	1 079	1 079	1 079	1 079
Halls									
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria	713	877	353	1 079	1 079	1 079	1 079	1 079	1 079
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									
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Other assets	487	509	849	579	579	579	579	579	579
Operational Buildings	487	509	849	579	579	579	579	579	579
Municipal Offices	487	509	849	579	579	579	579	579	579
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Spares									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									
Load Settlement Software Applications									
Unspecified									
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets									
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Depreciation	1	28 622	28 120	27 823	25 827	25 827	25 827	25 827	25 827

Table 62 MBRR SA34e – Depreciation by asset class

NC072 Umsobomvu - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class	1									
Infrastructure		-	-	18 565	-	-	-	23 781	14 116	13 207
Roads Infrastructure		-	-	3 260	-	-	-	-	8 916	11 287
Roads				3 260					8 916	11 287
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	6 192	-	-	-	3 000	3 200	1 920
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors				6 192				3 000	3 200	1 920
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	-	3 456	-	-	-	10 000	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution				3 456				10 000		
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	5 657	-	-	-	10 781	2 000	-
Pump Station										
Reticulation				5 657				10 781	2 000	
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										

Community Assets	-	-	4 691	-	-	-	-	-	-	
Community Facilities	-	-	4 691	-	-	-	-	-	-	
Halls			4 691							
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
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										
Heritage assets	-	-	-	-	-	-	-	-	-	
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property										
Unimproved Property										
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property										
Unimproved Property										
Other assets	-	-	-	-	-	-	-	-	-	
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										
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets										
Intangible Assets	-	-	-	-	-	-	-	-	-	
Servitudes										
Licences and Rights	-	-	-	-	-	-	-	-	-	
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment	-	-	-	-	-	-	-	-	-	
Computer Equipment										
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment										
Machinery and Equipment	-	-	-	-	-	-	-	-	-	
Machinery and Equipment										
Transport Assets	-	-	-	-	-	-	-	-	-	
Transport Assets										
Libraries	-	-	-	-	-	-	-	-	-	
Libraries										
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on upgrading of existing a	1	-	-	23 255	-	-	-	23 781	14 116	13 207
Upgrading of Existing Assets as % of total capex		0.0%	0.0%	88.2%	0.0%	0.0%	0.0%	92.7%	86.3%	100.0%
Upgrading of Existing Assets as % of deprecn"		0.0%	0.0%	83.6%	0.0%	0.0%	0.0%	92.1%	54.7%	51.1%

Table 63 MBRR SA35 – Future financial implications of capital budget

NC072 Umsobomvu - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
R thousand								
Capital expenditure	1							
Vote 1 - EXECUTIVE & COUNCIL		-	-	-				
Vote 2 - FINANCE & ADMIN		1 535	1 595	-				
Vote 3 - COMMUNITY SERVICES		342	640	-				
Vote 4 - TECHNICAL SERVICES		23 781	14 116	13 207				
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>								
Total Capital Expenditure		25 657	16 351	13 207	-	-	-	-
Future operational costs by vote	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>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	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>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		25 657	16 351	13 207	-	-	-	-

Table 63 MBRR SA36 - Detailed capital budget per municipal vote

NC072 Umsobomvu - Supporting Table SA36 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		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
Various																
Electricity -		Electrification Ouboks	EL 2.2.1	f	Yes	Infrastructure - Electricity	Reticulation	30 42 00"S - 25 07' 10"E			6 635	3 000	3 200	1 920		Upgrade
Electricity -		Electrification - Noupoort			Yes	Infrastructure - Electricity										
Electricity -		Purchase New Crane truck		f	Yes	Machinery and Equipment	Electricity Generation Facilities				-					
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				Infrastructure - Sanitation	Sewerage reticulation				10 000					Upgrade
Water		Noupoort Bulk Water supply Upgrade	wb1.4	c	Yes	Infrastructure - Water	Bulk Mains									
Water		Upgrade Kuyasa Main Road Water Pipe	WB 1.3.4	1	Yes	Infrastructure - Water	Bulk Mains				4 000					
Water		Caroluspoort Water Pipe Line				Infrastructure - Water	Bulk Mains									
Water		Van der Waltsfontein Pipe Line			Yes	Infrastructure - Water	Distribution				10 781	2 000				Upgrade
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			Infrastructure - Road transport	Roads, Pavements & Bridges									
Roads Colesberg		New Oubox Arterial Road	RS4		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				17 371					
Roads		Ring Road Kuyasa	PW 1.1	2	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges									
Roads		Nggandu and Madikane Streets			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						8 916	11 287		Upgrade
Corporate Services		New Vehicles			Yes	Other Assets	General vehicles									
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				Community	Cemeteries/Crematoria				250					
Community services		Noupoort Cemeteries	SPPE1.1		Yes	Community	Cemeteries/Crematoria					133	640			New
Community services		New Bakkie				Transport Assets						200				New
Community services		Office furniture			Yes	Furniture and Office Equipment	Municipal Offices					10				New
Public Roads		Compactor	PWPPE1.2		Yes	Other Assets	Plant & equipment									
Housing		100 Houses Noupoort	H2		Yes	Other	Other									
Sport and Recreation		Noupoort Sport Complex			Yes	Sport and Recreation Facilities	Outdoor Facilities				8 966					
Finance		Office furniture			Yes	Furniture and Office Equipment	Municipal Offices					5				New
Corporate Services		Time and Attendance Machine			Yes	Computer Equipment	Computers - software & programming					49				New
Finance		Municipal Financial System	F1 IT1		Yes	Intangibles	Computers - software & programming				3 510	1 480	1 595			New
Parent Capital expenditure	1										40 732	25 657	16 351	13 207		
Entities:																
<i>List all capital projects grouped by Entity</i>																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure																
-																
Total Capital expenditure																
-																

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 2018/19 MTREF in May 2018 directly aligned and informed by the 2018/19 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6	8 768	8 361	8 881	9 539	10 128	10 128	10 128	10 736	11 380	12 063
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		247			273	273	273	273	289	307	325
Net Property Rates		8 521	8 361	8 881	9 266	9 855	9 855	9 855	10 447	11 073	11 738
Service charges - electricity revenue											
Total Service charges - electricity revenue	6	23 150	27 911	26 973	36 589	33 797	33 797	33 797	36 109	38 637	41 341
<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	2 001	2 001	2 001	2 291	2 452	2 452
Net Service charges - electricity revenue		23 150	27 911	26 973	34 448	31 796	31 796	31 796	33 818	36 185	38 889
Service charges - water revenue											
Total Service charges - water revenue	6	12 274	3 220	5 898	14 781	14 781	14 781	14 781	15 668	16 608	17 605
<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	1 795	1 795	1 795	2 051	2 174	2 174
Net Service charges - water revenue		12 274	3 220	5 898	12 846	12 986	12 986	12 986	13 617	14 434	15 431
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		7 816	8 355	9 393	10 271	10 447	10 447	10 447	11 074	11 738	12 442
<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	1 847	1 847	1 847	2 106	2 232	2 232
Net Service charges - sanitation revenue		7 816	8 355	9 393	8 284	8 600	8 600	8 600	8 968	9 505	10 210
Service charges - refuse revenue											
Total refuse removal revenue	6	5 974	6 450	7 044	7 141	7 487	7 487	7 487	7 936	8 412	8 917
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	1 251	1 251	1 251	1 475	1 563	1 563
Net Service charges - refuse revenue		5 974	6 450	7 044	5 749	6 235	6 235	6 235	6 461	6 849	7 354
Other Revenue by source											
Fuel Levy											
Other Revenue		6 089	12 058	7 425	5 256	5 588	5 588	5 588	5 619	5 631	5 640
Total 'Other' Revenue	3 1	6 089	12 058	7 425	5 256	5 588	5 588	5 588	5 619	5 631	5 640

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	24 988	27 615	29 463	36 154	35 074	35 074	35 074	38 910	41 634	44 548
Pension and UIF Contributions		3 895	4 196	4 440	5 776	5 583	5 583	5 583	6 072	6 497	6 952
Medical Aid Contributions		736	758	863	1 014	960	960	960	1 028	1 101	1 179
Overtime		1 307	1 459	1 667	1 827	1 902	1 902	1 902	2 035	2 177	2 330
Performance Bonus									806	862	923
Motor Vehicle Allowance		904	841	849	627	548	548	548	725	765	809
Cellphone Allowance											
Housing Allowances		48	372	372	275	386	386	386	404	432	462
Other benefits and allowances		576	397	416	635	658	658	658	737	789	844
Payments in lieu of leave		1 848	2 166	2 119	2 705	2 662	2 662	2 662	2 234	2 390	2 557
Long service awards											
Post-retirement benefit obligations		110	(470)	(1 204)	341	609	609	609	609	609	609
sub-total	4	34 412	37 333	38 985	49 356	48 382	48 382	48 382	53 560	57 256	61 212
Less: Employees costs capitalised to PPE	5										
Total Employee related costs	1	34 412	37 333	38 985	49 356	48 382	48 382	48 382	53 560	57 256	61 212
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital											
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		28 622	28 120	27 823	25 827	25 827	25 827	25 827	25 827	25 827	25 827
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	10	28 622	28 120	27 823	25 827						
Bulk purchases											
Electricity Bulk Purchases		18 254	20 672	22 353	23 078	20 078	20 078	20 078	21 548	23 056	24 670
Water Bulk Purchases		478	393	564	310	750	750	750	400	400	400
Total bulk purchases	1	18 731	21 065	22 917	23 388	20 828	20 828	20 828	21 948	23 456	25 070
Transfers and grants											
Cash transfers and grants											
Non-cash transfers and grants											
Total transfers and grants	1										
Contracted services											
<i>List services provided by contract</i>											
					1 124	1 124	1 124	1 124	1 191	1 262	1 338
sub-total	1				1 124	1 124	1 124	1 124	1 191	1 262	1 338
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services					1 124	1 124	1 124	1 124	1 191	1 262	1 338
Other Expenditure By Type											
Collection costs					50	50	50	50	50	50	50
Contributions to 'other' provisions					1 700	1 200	1 200	1 200	1 200	1 200	1 200
Consultant fees											
Audit fees					2 809	2 809	2 809	2 809	2 978	3 156	3 346
General expenses	3	40 263	21 596	23 012	6 928	8 572	8 572	8 572	9 458	8 706	9 001
Repairs and maintenance				23 012	3 496	5 151	5 151	5 151	3 320	3 250	3 250
<i>Internal Charges - Services charges</i>					6 866	6 656	6 656	6 656	6 957	7 276	7 615
<i>Travel and subsistence</i>					1 810	2 753	2 753	2 753	2 773	2 808	2 773
<i>Fuel & Oil</i>					1 232	1 398	1 398	1 398	1 344	1 342	1 342
<i>IDP review</i>					180	250	250	250	250	250	250
<i>Insurance</i>					1 116	1 001	1 001	1 001	1 074	1 115	1 159
<i>Legal costs</i>					250	100	100	100	100	100	100
<i>Local Economic development</i>					1 101	851	851	851	851	851	851
<i>Membership Fees</i>					572	572	572	572	613	655	701
<i>Postage</i>					217	327	327	327	327	327	327
<i>Printing & stationery</i>					338	213	213	213	217	221	225
<i>Library programmes expense</i>					349	349	349	349		64	
<i>FMG expense</i>					2 000	2 000	2 000	2 000	2 000	2 000	2 000
<i>Store & materials</i>					892	1 082	1 082	1 082	772	772	772
<i>Telephone</i>					751	591	591	591	593	594	595
<i>Uniform</i>					111	131	131	131	111	111	111
<i>Catering expense</i>					98	103	103	103	98	98	98
<i>Training costs</i>					428	432	432	432	432	432	432
<i>Bank charges</i>					337	480	480	480	509	539	572
<i>Lease charges</i>					581	1 117	1 117	1 117	1 173	1 233	1 295
<i>Indigent Support</i>						560	560	560	599	641	641
Total 'Other' Expenditure	1	40 263	21 596	46 025	34 212	38 749	38 749	38 749	37 797	37 791	38 704
Repairs and Maintenance											
Employee related costs	8										
Other materials											
Contracted Services											
Other Expenditure		3 932	2 916		3 496	5 151	5 151	5 151	3 320	3 250	3 250
Total Repairs and Maintenance Expenditure	9	3 932	2 916	-	3 496	5 151	5 151	5 151	3 320	3 250	3 250

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

NC072 Umsobomvu - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and 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
R thousand	1																
Revenue By Source																	
Property rates			10 447														10 447
Service charges - electricity revenue					33 818												33 818
Service charges - water revenue					13 617												13 617
Service charges - sanitation revenue					8 968												8 968
Service charges - refuse revenue					6 461												6 461
Service charges - other																	-
Rental of facilities and equipment				264	27												291
Interest earned - external investments			560														560
Interest earned - outstanding debtors					3 105												3 105
Dividends received																	-
Fines, penalties and forfeits			217	7 074	20												7 312
Licences and permits			4	2 512													2 516
Agency services				342													342
Other revenue			5 435	107	77												5 619
Transfers and subsidies		44 259	1 970	1 479	1 567												49 275
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		44 259	18 633	11 778	67 660	-	-	-	-	-	-	-	-	-	-	-	142 330
Expenditure By Type																	
Employee related costs		5 502	16 410	11 590	20 057												53 559
Remuneration of councillors		4 130															4 130
Debt impairment		20	2 427		8 941												11 388
Depreciation & asset impairment		138	441	1 079	24 169												25 827
Finance charges																	-
Bulk purchases					21 948												21 948
Other materials																	-
Contracted services			1 191														1 191
Transfers and subsidies																	-
Other expenditure		6 287	11 127	6 784	13 599												37 797
Loss on disposal of PPE					20												20
Total Expenditure		16 077	31 596	19 453	88 734	-	-	-	-	-	-	-	-	-	-	-	155 860
Surplus/(Deficit)		28 182	(12 963)	(7 675)	(21 073)	-	-	-	-	-	-	-	-	-	-	-	(13 529)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					23 781												23 781
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)																	-
Surplus/(Deficit) after capital transfers & contributions		28 182	(12 963)	(7 675)	2 707	-	-	-	-	-	-	-	-	-	-	-	10 251

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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Call investment deposits											
Call deposits		5 943	6 292	837	6 138	1 115	1 115	1 115	1 518	1 633	1 853
Other current investments											
Total Call investment deposits	2	5 943	6 292	837	6 138	1 115	1 115	1 115	1 518	1 633	1 853
Consumer debtors											
Consumer debtors		75 753	10 410	16 403	128 747	128 747	128 747	128 747	32 834	38 352	43 870
Less: Provision for debt impairment		(32 408)			(11 388)	(11 388)	(11 388)	(11 388)	(11 388)	(11 388)	(11 388)
Total Consumer debtors	2	43 345	10 410	16 403	117 359	117 359	117 359	117 359	21 446	26 964	32 483
Debt impairment provision											
Balance at the beginning of the year		32 744									
Contributions to the provision		(336)			11 388	11 388	11 388	11 388	11 388	11 388	11 388
Bad debts written off											
Balance at end of year		32 408	-	-	11 388	11 388	11 388	11 388	11 388	11 388	11 388
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		984 107	530 974	527 480	592 376	612 317	612 317	612 317	575 706	590 462	605 218
Leases recognised as PPE											
Less: Accumulated depreciation		471 180			25 827	25 827	25 827	25 827	25 827	25 827	25 827
Total Property, plant and equipment (PPE)	2	512 927	530 974	527 480	566 549	586 490	586 490	586 490	549 879	564 635	579 391
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		911	1 241	1 048							
Total Current liabilities - Borrowing		911	1 241	1 048	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors		21 930	40 306	40 289	2 500	2 500	2 500	2 500	8 257	7 985	7 712
Unspent conditional transfers		9 715									
VAT		2 090			350	350	350	350	9 859	11 232	12 604
Total Trade and other payables	2	33 735	40 306	40 289	2 850	2 850	2 850	2 850	18 117	19 216	20 316
Non current liabilities - Borrowing											
Borrowing		2 279	1 256	2 367	979	979	979	979			
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing	4	2 279	1 256	2 367	979	979	979	979	-	-	-
Provisions - non-current											
Retirement benefits		12 015	16 577	16 742	12 515	12 515	12 515	12 515	12 202	11 971	11 739
List other major provision items											
Refuse landfill site rehabilitation		11 893			12 393	12 393	12 393	12 393	4 704	5 101	5 498
Other											
Total Provisions - non-current		23 909	16 577	16 742	24 908	24 908	24 908	24 908	16 907	17 072	17 237
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		502 321	518 908	507 024	693 146	688 249	688 249	688 249	700 377	566 440	592 814
GRAP adjustments									(144 138)	22 006	22 404
Restated balance		502 321	518 908	507 024	693 146	688 249	688 249	688 249	556 239	588 447	615 218
Surplus/(Deficit)		19 473	14 882	(1 351)	134	12 128	12 128	12 128	10 250	4 367	7 459
Appropriations to Reserves			(28 933)								
Transfers from Reserves											
Depreciation offsets			(369)								
Other adjustments			3 543								
Accumulated Surplus/(Deficit)	1	521 795	508 031	505 674	693 279	700 377	700 377	700 377	566 489	592 813	622 676
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	521 795	508 031	505 674	693 279	700 377	700 377	700 377	566 489	592 813	622 676

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	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population							28	28	28	28	28	28
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
Monthly household income (no. of households)												
No income	1, 12						1 058	1 058	1 058	1 058	1 058	1 058
R1 - R1 600							2 498	2 498	2 498	2 498	2 498	2 498
R1 601 - R3 200							1 700	1 700	1 700	1 700	1 700	1 700
R3 201 - R6 400							1 133	1 133	1 133	1 133	1 133	1 133
R6 401 - R12 800							769	769	769	769	769	769
R12 801 - R25 600							420	420	420	420	420	420
R25 601 - R51 200							180	180	180	180	180	180
R52 201 - R102 400							49	49	49	49	49	49
R102 401 - R204 800							13	13	13	13	13	13
R204 801 - R409 600							20	20	20	20	20	20
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13						3556.00	3556.00	3556.00	3556.00	3556.00	3556.00
Insert description	2											
Household/demographics (000)												
Number of people in municipal area							23 636	23 636	23 636	23 636	23 636	23 636
Number of poor people in municipal area							10 347	10 347	10 347	10 347	10 347	10 347
Number of households in municipal area							6	6	6	6	6	6
Number of poor households in municipal area							3	3	3	3	3	3
Definition of poor household (R per month)							1 800	1 800	1 800	1 800	1 800	1 800
Housing statistics												
Formal	3						8 505	8 505	8 505	8 505	8 505	8 505
Informal							301	301	301	301	301	301
Total number of households							8 806	8 806	8 806	8 806	8 806	8 806
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings							-	-	-	-	-	-
Economic												
Inflation/inflation outlook (CPIX)	6						10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Interest rate - borrowing							8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Interest rate - investment							6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Remuneration increases							6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Consumption growth (electricity)							7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Consumption growth (w ater)							7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Collection rates												
Property tax/service charges	7						87.0%	87.0%	87.0%	87.0%	87.0%	87.0%
Rental of facilities & equipment							100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments							100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors							80.0%	80.0%	80.0%	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 be 'Amos China Mpele', written on a light grey rectangular background.

Date 31/05/2018