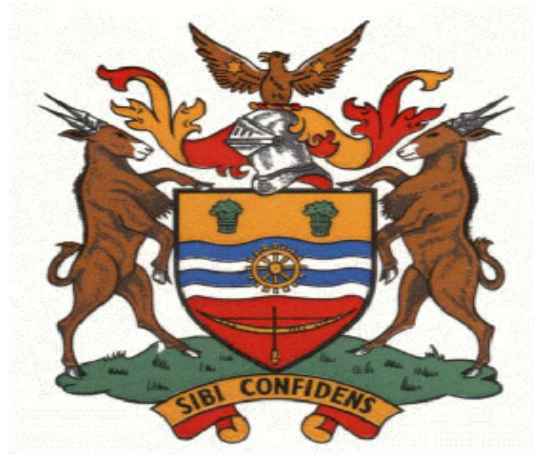


UMTSHEZI MUNICIPALITY



DRAFT ANNUAL BUDGET 2011/2012

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PART 1

ANNUAL BUDGET

MAYOR'S REPORT

The 2011/12 budget and its related policies has been compiled in compliance with the Municipal Finance Management Act No. 56 of 2003 and the Municipal Budget and Reporting Regulations which is aimed at improving credibility, sustainability, transparency, accuracy and reliability of municipal budgets.

The objective of the budget formats reform is to:

1. Ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the MFMA;
2. Improve the local governments spheres' ability to deliver basic services to all by-
 - addressing issues of financial sustainability, and
 - facilitating informed policy choices and medium term planning of service delivery by requiring targets to be aligned to achieve backlog elimination.

The 2011/12 budget has been prepared using realistically anticipated estimates and are guided by the guidelines as per the National Treasury budget circulars. The main aim of the budget is SERVICE DELIVERY. It is also aimed at ensuring that services are effectively and efficiently rendered in the most economical way.

A brief overview of the draft budget is as follows:

Total operating income – R236,504,000
Total Operating expenditure – R253,354,000
Operating Deficit – R16,850,000
Capital Budget – R47,352,175

The capital budget would be financed from capital grants received from the Municipal Infrastructure Grant, Neighbourhood Development Grant, INEP, DBSA external loan and council funding. In addition to these grants, province has gazetted R20million for the CRU – Community Residential Units Programme.

The operating budget is extremely constrained and focuses on service delivery. The reason for this is the limiting income realistically anticipated.

Ngokubambisana singakha imiphakathi engcono. Let us work together to build a better community of Umtshezi thus achieving a better life for all.

MAYOR
UMTSHEZI MUNICIPALITY



RESOLUTIONS

Full Council resolved to:

1. Approve the 2011/12 annual budget of the Municipality
2. Approve all proposed rates, taxes and tariffs for services provided by the municipality
3. Approve electricity tariffs subject to Nersa approval
4. Approve the measurable performance objectives for the annual budget for each year of the medium term revenue and expenditure framework
5. Approve the transfer of funds to a separate bank account for purposes contemplated in section 12 of the Act; and
6. Approve all the budget-related policies or amendments to such policies. Below are the budget related policies:
 - Cash Management and Banking Policy
 - Indigent Policy
 - Tariff Policy
 - Credit Control Policy
 - Municipal Long Term Borrowing Policy
 - Fraud Prevention Strategy
 - Funding and Reserve Policy
 - IT Disaster Recovery Plan
 - Virements Policy
 - Rates Policy
 - Risk Management Policy
 - Budgeting Policy
 - Supply Chain Management Policy



EXECUTIVE SUMMARY

BACKGROUND

The country is currently recovering from the downturn in the economy that had resulted in many job losses and many consumers taking financial strain resulting in an increase in debt consolidations and debt counseling by consumers. The draft budget considers these factors and close examination of the consumer price index (CPI) figures was done. Although CPI was recorded in January 2011 at 3.7% as compared to 6.7% at the same time in January 2010, analysts expect that figure to grow to 5.5% by the end of the year. Using these estimates and guidelines from the National Treasury MFA Circular No. 55, estimates for tariff increases were proposed and included in the draft budget.

S21 of the Municipal Finance Management Act deals with Municipal Budgets and describes the entire budgeting process. The Mayor is tasked with co-ordinating the processes for preparing the budget, reviewing the Integrated Development Plan (IDP) and budget related policies. The Accounting officer, as per S68 of the MFMA, is required to assist the mayor in developing and implementing the budgetary process.

When drafting this budget, consideration was given to Section 18 of the MFMA which states that:

“An annual budget may only be funded from-

- a) realistically anticipated revenues to be collected;*
 - b) cash-backed accumulated funds from previous years’ surpluses not committed for other purposes; and*
 - c) borrowed funds, but only for the capital budget referred to in section 17(2)*
- (2) Revenue projections in the budget must be realistic, taking into account-*
- a) projected revenue for the current year based on collection levels to date; and*
 - b) actual revenue collected in previous financial years.”*

Great emphasis was placed in ensuring that the budget is realistically funded. A complete analysis of the various financial scenarios and outcomes was done and the best viable solution sought.

In addition to the budget, an amendment to the Municipal Systems Act (MSA) and Chapter 4 of the MFMA require that the Integrated Development Plan (IDP) be adopted at the same time of adopting the budget. The IDP informs the budget and their simultaneous adoption will ensure that the budget is properly aligned to the IDP and ensure that planned projects are credible and that the budgets are realistic and implementable. This budget was drafted in conjunction with the IDP.

The annual budget was prepared in accordance to the National Treasury’s content and format as contained in circulars 28, 42 and 45. The two concepts considered were:



- 1) that the budget must be funded according to S18 of the MFMA (as mentioned above), and
- 2) that the budget must be credible.

A credible budget is described as one that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality
- Is achievable in terms of agreed service delivery and performance targets
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

As mentioned above, the budget was also compiled taking into consideration the guidelines outlined in MFMA Circular 55, Municipal Budget Circular for the 2011/12 MTREF.

CONSULTATIVE PROCESS

The consultative process for the IDP was done and comments were obtained. The input gathered at the public meetings was consolidated in the IDP document and used to inform the budget regarding priority areas and the focus for the capital budget.

PAST AND CURRENT PERFORMANCE

The 2009/10 financial year yielded favourable results with a small surplus and an unqualified audit opinion. Matters disclosed in the auditors report as requiring attention are being dealt with in an action plan. Most of the matters have been cleared. The current challenge facing the financial performance and cash flow of the municipality is the collection of debt. A new service provider had been procured to assist with the debt collection process and have shown positive results. In their first month of being awarded the contract, they had collected R1million rand. Another challenge facing the current financial position situation is the valuation of the infrastructure assets. A tender for the valuation of the infrastructure assets was done and a service provider appointed who would assist in the valuation of the infrastructure assets and to ensure that the Municipality has a GRAP compliant fixed asset register.

ALIGNMENT WITH NATIONAL AND PROVINCIAL PRIORITIES

MFMA Circular No 55 places emphasis on the creation of jobs. The current employment percentage versus income of the municipality is approximately 28%. In order to align with the objectives and focus of Circular 55, most of the operating projects will be labour



intensive and done internally. Major capital projects are funded by the Municipal Infrastructure Grant (MIG) and the current service providers are engaging local labour for those projects.

LEVELS OF RATES, SERVICE CHARGES AND OTHER FEES AND CHARGES

RATES

The collection of rates started off slowly in the beginning of the year and is slowly increasing. The slow collection rate in the beginning of the financial year related to disputes that some consumers had about their property valuations. There were a few queries relating to categories or unity of use of properties. From the more than one thousand objectives received, less than fifty (50) consumers had taken the matters on appeal. The appeals process was done and the matters resolved. There is currently a supplementary 4 valuation roll being issued and only two objections have been lodged relating to that roll.

Whilst dealing with all the queries arising from the new Municipal Property Rates Act (MPRA), it became evident that a new category should be created that would cater for the recreational clubs. This category is currently being proposed for inclusion in the rates policy as well as a tariff for this category being proposed in the tariff of charges.

As mentioned above, considerable effort was made in ensuring that the budget was realistically funded and credible and that the economic situation is considered. With this in mind, it is proposed that the rates tariff increase by an average of 6.8%.

SERVICE CHARGES AND OTHER FEES AND CHARGES

An analysis of the electricity income and bulk purchases is summarized as follows:

INCOME	Adj Budget R'000	21% R'000	23% R'000
Bulk, Commercial, Domestic	126619	153209	155741
COST OF SALES			
Bulk Purchases (26,71%)	96242	121948	121948
	96242	121948	121948
GROSS PROFIT	30377	31261	33793
GROSS PROFIT %	23.99%	20.40%	21.70%
<u>NERSA BENCHMARK</u>	<u>ACTUAL PERCENTAGES</u>		
Bulk Purchases - 70%	76.01%	79.60%	78.30%

The table above shows the impact that a 21% increase in electricity tariffs and a 23% increase in electricity tariffs would have on the Nersa Benchmarks. Currently, the



2010/2011 percentage of bulk purchases to sales is 76.01% which is 6.01% more than the benchmark. This is attributable to one of two factors:

1. The bulk purchases are too high, or
2. The electricity tariffs are too low.

The increase in the bulk purchases is set by Eskom and approved by NERSA as 26,71% for the 2011/2012 financial year. This cannot be changed. The only alternative to align the percentage to Nersa benchmarks was to consider a higher percentage increase in tariffs.

However, the economic climate was considered and agreed by the finance committee and other workshops with the mayor and councilors that the tariff be increased by 23%. At this tariff increase, the benchmark percentages are still not aligning, instead they are increasing, but under the circumstances, it seems like the only possible alternative.

In addition to the above, an inclining block tariff would be introduced from the beginning of the new financial year. This inclining block tariff would only be applicable for residential consumers and would be as follows:

Interval	Tariff
0 to 50 kwh	63c
51 to 350 kwh	72c
351 to 600 kwh	98c
601 and Greater	114c
Basic Charge	R 20.59

A basic charge would also be charged from the beginning of the financial year. The effect that the inclining block tariff would have on consumers is that the higher the consumption of electricity, the higher the charge. The lower the consumption, the lower the charge. Indigent consumers would be billed according to the inclining block tariff as follows:

Interval	Tariff
0 to 50 kwh	0c
51 to 350 kwh	68c
351 to 600 kwh	93c
601 and Greater	109c
Basic Charge	R 0

Regarding the increase in other services, the proposal was that they increase by 6%.

SUMMARY

Increase in tariffs:



Property Rates Charges	6.8% (Average Increase)
Electricity	23%
Refuse Removal Charges	6%
Rent	6%
Hire Charges	6%
Other Services	6%

FISCAL STRATEGY, FINANCIAL POSITION, CONSTRAINTS, ONGOING VAIBILITY AND SUSTAINABILITY

The Umtshezi Municipality has identified the need of linking the IDP to a workable financial plan. Development of this plan is important to:

- Ensure a close planning and budgeting link
- Inform municipal budgeting over tier
- Facilitate inter-governmental alignment with regard to capital requirements and sources of funding
- Assess financial management arrangements and financial strategy; and
- Outline revenue and expenditure forecasts.

This financial plan also addresses the following important issues:

- Establishing financial management systems and efficient, effective internal audit systems
- Funding availability over a 3-5 year planning period
- The balancing of income with objectives established in terms of the IDP.

The Municipality believes that forward planning, proper controls and good budgeting will enable it to continue with its financial plan and will ensure financial stability.

HIGHLIGHTS FROM THE BUDGET

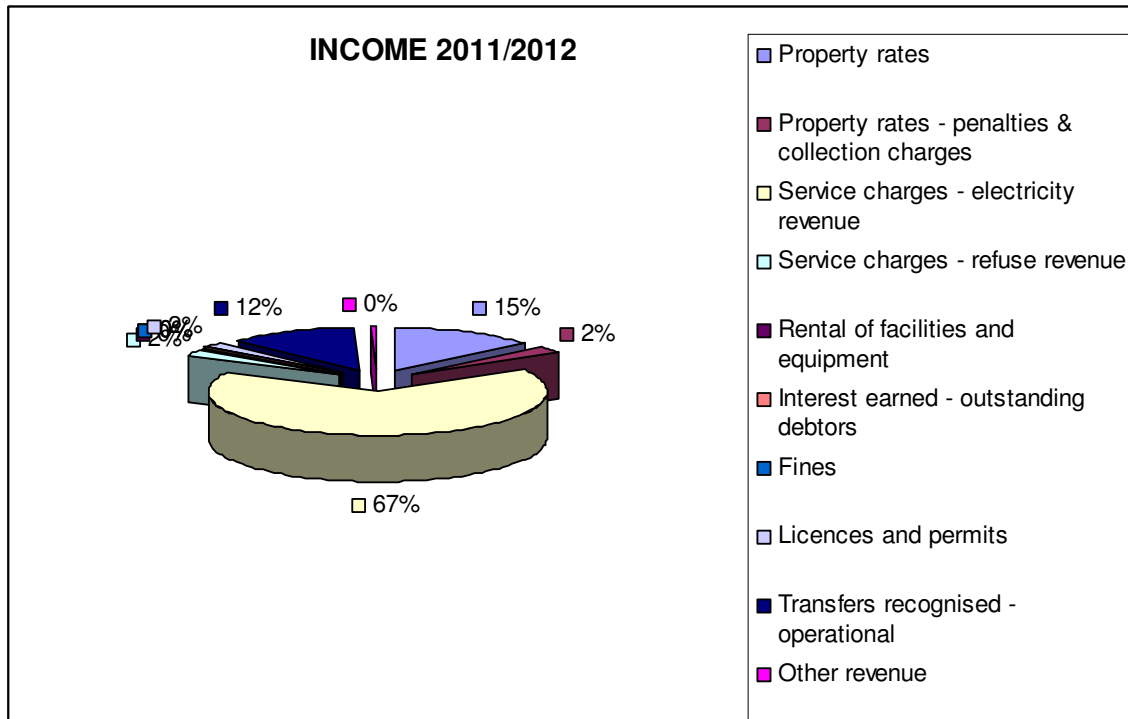
OPERATING BUDGET

The total operating income reported in the operating budget, including operating grants, is R236,504mil. The total operating expenditure is budgeted at R253,354mil. This results in a net deficit situation of R16,850mil. The deficit arises as a result of depreciation and is a non-cash deficit. In other words, the cash flow situation is still favourable considering that a deficit is being budgeted for. With the inclusion of the capital grants received, a surplus of R22,160mil is recorded.



Below is a summary of the total income received:

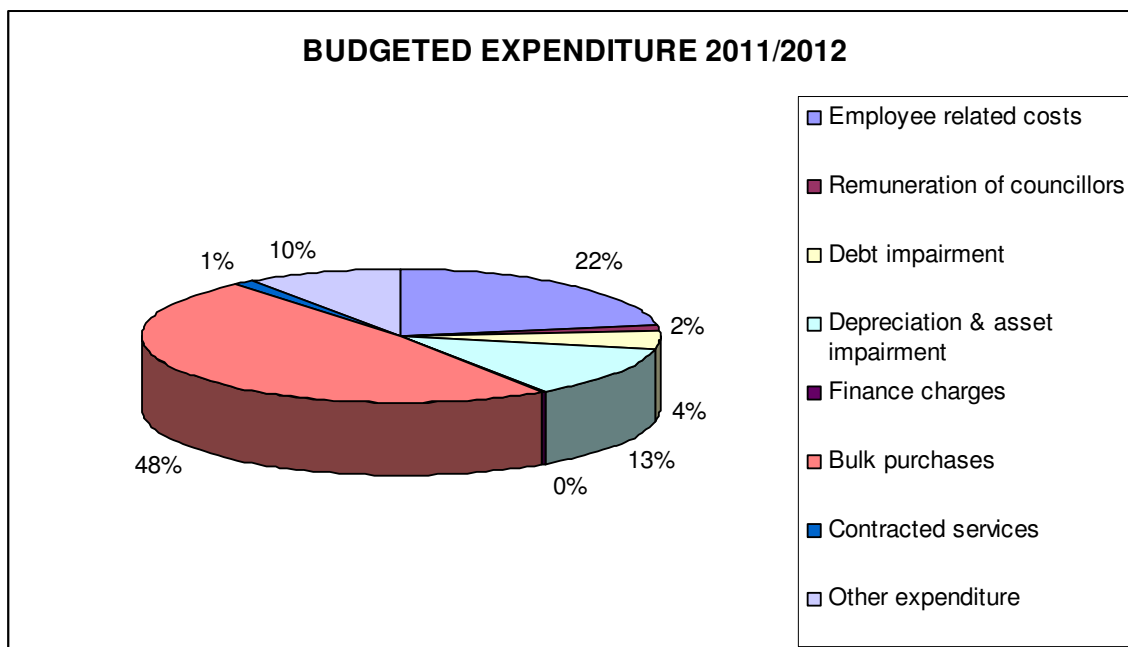
Description	Amount (R'000)
Property Rates	33,463
Rates penalties	5,732
Electricity	155,741
Refuse	5,535
Rent of facilities	467
Interest earned	249
Fines	299
Licenses and Permits	4,589
Transfers / Grants	29,398
Other	1,031



Operating expenditure is summarized as follows:

Description	Amount (R'000)
Employee related costs	56,823
Remuneration of councilors	4,024
Debt Impairment	10,000
Depreciation & asset impairment	31,686
Finance charges	1,050
Bulk purchases	121,948
Contracted services	3,180
Other expenditure	24,643





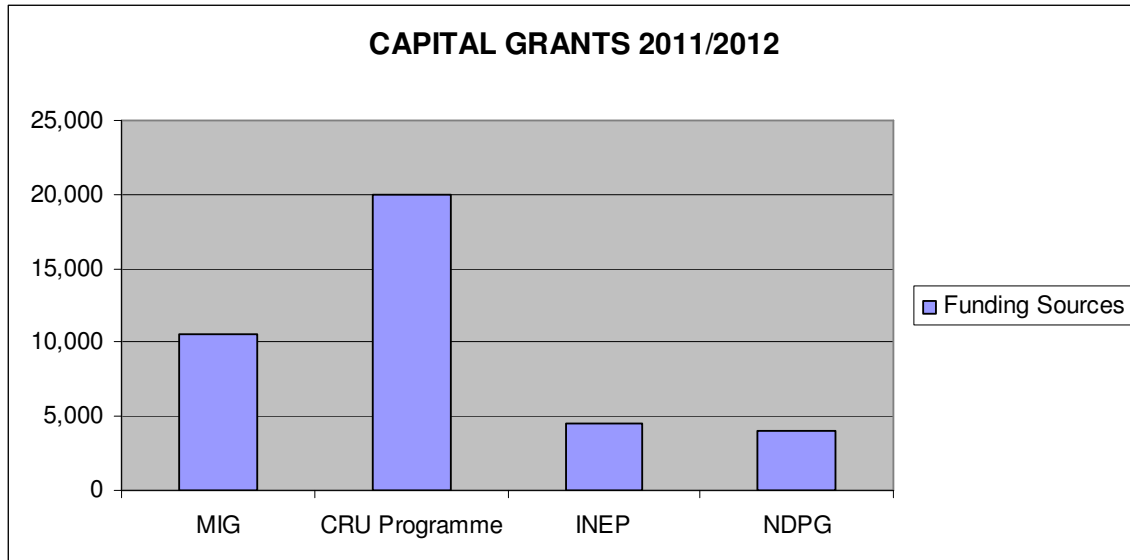
CAPITAL EXPENDITURE

Total capital expenditure is estimated to be R47,352,175. It is funded as follows:

DBSA	R4,500,000
MIG	R10,510,000
INEP	R4,500,000
NDPG	R4,000,000
CRU	R20,000,000
COUNCIL	R3,842,175
TOTAL	R47,352,175

The total capital grants are as follows:





CONCLUSION

The draft budget for the 2011/12 financial year was based on realistically anticipated incomes and expenditure of the municipality. Working together with the community, the Municipality can achieve the projected results.



BUDGET TABLES

KZN234 Umtshezi - Table A1 Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousands										
Financial Performance										
Property rates	28,556	31,415	34,172	36,689	36,689	36,689	36,689	39,195	41,929	44,878
Service charges	57,382	76,621	101,724	132,004	131,841	131,841	131,841	161,277	197,429	241,841
Investment revenue	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	13,157	18,328	20,894	35,935	25,916	25,916	25,916	29,398	32,320	35,571
Other own revenue	7,549	12,340	7,808	6,759	6,623	6,623	6,623	6,635	6,957	7,296
Total Revenue (excluding capital transfers and contributions)	106,644	138,704	164,597	211,387	201,069	201,069	201,069	236,504	278,636	329,586
Employee costs	37,874	37,012	47,351	47,258	53,106	53,106	53,106	56,823	61,653	66,894
Remuneration of councillors	3,299	3,621	3,843	3,964	3,796	3,796	3,796	4,024	4,266	4,522
Depreciation & asset impairment	6,307	17,220	18,576	27,100	27,100	27,100	27,100	31,686	31,686	31,686
Finance charges	305	491	917	964	515	515	515	1,050	1,071	1,092
Materials and bulk purchases	40,614	55,371	74,023	98,242	96,242	96,242	96,242	121,948	149,996	184,495
Transfers and grants	1,050	-	-	-	-	-	-	-	-	-
Other expenditure	23,090	46,893	40,694	23,338	35,418	35,418	35,418	37,823	39,213	40,673
Total Expenditure	112,539	160,607	185,404	200,866	216,177	216,177	216,177	253,354	287,885	329,362
Surplus/(Deficit)	(5,896)	(21,903)	(20,806)	10,521	(15,108)	(15,108)	(15,108)	(16,850)	(9,249)	224
Transfers recognised - capital	4,030	18,895	23,055	28,900	21,750	21,750	21,750	39,010	35,779	35,142
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(1,866)	(3,008)	2,249	39,421	6,642	6,642	6,642	22,160	26,530	35,366
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(1,866)	(3,008)	2,249	39,421	6,642	6,642	6,642	22,160	26,530	35,366
Capital expenditure & funds sources										
Capital expenditure	10,256	20,451	30,065	44,568	42,012	42,012	42,012	47,352	65,045	51,459
Transfers recognised - capital	7,024	18,895	27,619	28,899	21,730	21,730	21,730	39,010	35,779	35,142
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	13,500	13,026	13,026	13,026	4,500	-	-
Internally generated funds	3,232	1,556	2,446	2,169	7,257	7,257	7,257	3,842	29,267	16,326
Total sources of capital funds	10,256	20,451	30,065	44,568	42,012	42,012	42,012	47,352	65,046	51,468
Financial position										
Total current assets	77,083	69,181	55,788	59,485	59,485	59,485	59,485	55,230	65,843	83,172
Total non current assets	629,624	620,981	633,440	663,951	651,172	651,172	651,172	670,376	703,786	723,618
Total current liabilities	50,388	46,377	36,042	23,427	43,427	43,427	43,427	36,323	56,819	61,988
Total non current liabilities	2,059	5,565	5,600	13,928	13,928	13,928	13,928	13,928	10,000	6,200
Community wealth/Equity	654,260	638,220	647,586	686,081	653,302	653,302	653,302	675,355	702,810	738,602
Cash flows										
Net cash from (used) operating	(3,962)	14,798	16,544	35,747	34,578	34,578	34,578	60,328	78,724	70,495
Net cash from (used) investing	(7,585)	(10,094)	(25,239)	(43,508)	(42,108)	(42,108)	(42,108)	(47,387)	(65,046)	(51,469)
Net cash from (used) financing	2,843	1,896	402	9,588	9,588	(3,912)	(3,912)	-	(5,500)	(5,500)
Cash/cash equivalents at the year end	(3,452)	3,147	(5,146)	3,835	4,066	(9,434)	(9,434)	3,507	11,685	25,211
Cash backing/surplus reconciliation										
Cash and investments available	24,818	12,787	(4,891)	4,115	4,115	4,115	4,115	4,807	14,485	30,561
Application of cash and investments	20,066	28	(29,974)	(35,862)	(22,865)	(22,865)	(22,865)	(22,578)	(4,099)	6,538
Balance - surplus (shortfall)	4,753	12,759	25,083	39,977	26,980	26,980	26,980	27,385	18,584	24,023
Asset management										
Asset register summary (WDV)	624,021	619,924	632,536	662,980	650,201	650,201	669,320	669,320	702,680	722,462
Depreciation & asset impairment	6,307	17,220	18,576	27,100	27,100	27,100	31,686	31,686	31,686	31,686
Renewal of Existing Assets	-	-	-	-	-	-	500	500	-	-
Repairs and Maintenance	6,161	5,923	7,221	4,177	4,476	4,476	6,600	6,600	6,930	7,277
Free services										
Cost of Free Basic Services provided	220	240	219	291	2,814	2,814	3,183	3,183	3,623	4,145
Revenue cost of free services provided	4,640	4,880	22,909	30,473	30,473	30,473	33,410	33,410	34,609	35,957
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	5,000	5,000	5,000	6,000	6,000	6,000	7,000	7,000	7,000	7,000

KZN234 Umtshezi - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
Revenue - Standard										
Governance and administration		44,482	58,707	65,968	69,685	73,244	73,244	71,681	92,926	105,600
Executive and council		365	470	826	686	778	778	1,123	1,179	1,238
Budget and treasury office		44,088	58,200	64,873	68,945	72,416	72,416	70,481	91,665	104,277
Corporate services		29	37	269	54	49	49	78	81	85
Community and public safety		1,791	15,703	2,488	10,444	2,766	2,766	21,724	21,810	21,901
Community and social services		167	215	480	313	278	278	1,413	1,484	1,558
Sport and recreation		38	49	37	72	7	7	-	-	-
Public safety		195	252	397	368	348	348	311	326	342
Housing		293	13,771	0	7,500	-	-	20,000	20,000	20,000
Health		1,098	1,416	1,574	2,191	2,134	2,134	-	-	-
Economic and environmental services		8,807	12,505	16,489	28,233	15,811	15,811	15,811	25,566	40,844
Planning and development		-	-	628	15,000	2,407	2,407	417	438	459
Road transport		8,672	12,332	15,862	12,980	13,405	13,405	15,394	25,129	40,385
Environmental protection		135	173	-	253	-	-	-	-	-
Trading services		55,594	70,684	102,707	131,925	130,998	130,998	166,298	174,113	196,383
Electricity		53,213	67,614	97,646	127,442	127,774	127,774	160,761	168,299	190,278
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2,381	3,071	5,061	4,483	3,224	3,224	5,537	5,814	6,104
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	110,674	157,599	187,653	240,287	222,819	222,819	275,514	314,415	364,728
Expenditure - Standard										
Governance and administration		23,511	33,551	57,262	55,589	46,374	46,374	51,615	54,167	56,846
Executive and council		5,384	7,682	9,384	7,758	7,871	7,871	8,563	8,992	9,441
Budget and treasury office		14,113	20,141	29,023	42,047	32,966	32,966	31,966	33,537	35,183
Corporate services		4,014	5,728	18,855	5,784	5,537	5,537	11,085	11,639	12,221
Community and public safety		6,765	9,656	11,375	9,710	8,031	8,031	7,086	7,441	7,813
Community and social services		1,681	2,401	3,454	2,425	2,962	2,962	1,697	1,781	1,870
Sport and recreation		275	392	370	396	38	38	65	68	72
Public safety		3,689	5,265	4,994	5,316	4,736	4,736	2,199	2,309	2,425
Housing		28	40	32	-	-	-	-	-	-
Health		1,092	1,558	2,525	1,573	295	295	3,126	3,282	3,446
Economic and environmental services		20,894	29,819	24,701	23,897	41,942	41,942	45,294	58,689	75,181
Planning and development		6,505	9,283	11,740	5,278	24,403	24,403	24,035	25,237	26,499
Road transport		8,689	12,401	12,961	10,414	17,538	17,538	21,258	33,452	48,682
Environmental protection		5,700	8,135	-	8,205	1	1	-	-	-
Trading services		60,891	86,899	92,044	110,993	119,485	119,485	149,064	167,277	189,197
Electricity		56,855	81,139	84,960	106,655	112,694	112,694	142,209	160,264	181,834
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,036	5,760	7,084	4,338	6,791	6,791	6,855	7,013	7,363
Other	4	478	682	21	677	344	344	296	311	326
Total Expenditure - Standard	3	112,539	160,607	185,404	200,866	216,177	216,177	253,354	287,885	329,362
Surplus/(Deficit) for the year		(1,866)	(3,008)	2,249	39,421	6,642	6,642	22,160	26,530	35,366

References

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

KZN234 Umtshezi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue by Vote	1									
Corporate Services		2,911	3,753	5,798	5,478	6,162	6,162	7,451	7,823	8,487
Municipal Manager		-	-	-	-	-	-	-	-	-
Finance and Budget		44,087	58,201	64,873	68,946	71,083	71,083	91,277	105,104	118,574
Civil Services		6,464	9,485	11,852	8,739	8,984	8,984	10,783	19,517	34,745
Planning,Economic and Community Services		3,998	18,547	7,484	29,682	8,816	8,816	6,038	6,340	6,657
Electrical Services		53,214	67,613	97,646	127,442	127,774	127,774	160,761	176,494	197,203
Vote7 - Example 7		-	-	-	-	-	-	-	-	-
Vote8 - Example 8		-	-	-	-	-	-	-	-	-
Vote9 - Example 9		-	-	-	-	-	-	-	-	-
Vote10 - Example 10		-	-	-	-	-	-	-	-	-
Vote11 - Example 11		-	-	-	-	-	-	-	-	-
Vote12 - Example 12		-	-	-	-	-	-	-	-	-
Vote13 - Example 13		-	-	-	-	-	-	-	-	-
Vote14 - Example 14		-	-	-	-	-	-	-	-	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	110,674	157,599	187,653	240,287	222,819	222,819	276,311	315,279	365,666
Expenditure by Vote to be appropriated	1									
Corporate Services		14,323	20,441	35,625	20,641	19,907	19,907	22,792	23,934	25,130
Municipal Manager		757	1,079	1,082	1,090	1,085	1,085	1,031	1,082	1,136
Finance and Budget		14,113	20,141	29,023	42,046	32,966	32,966	32,763	41,697	48,301
Civil Services		7,422	10,592	11,604	8,587	15,705	15,705	19,115	27,367	37,969
Planning,Economic and Community Services		19,069	27,215	23,110	21,848	33,820	33,820	36,241	38,053	44,475
Electrical Services		56,855	81,139	84,960	106,654	112,694	112,694	142,209	156,616	173,289
Vote7 - Example 7		-	-	-	-	-	-	-	-	-
Vote8 - Example 8		-	-	-	-	-	-	-	-	-
Vote9 - Example 9		-	-	-	-	-	-	-	-	-
Vote10 - Example 10		-	-	-	-	-	-	-	-	-
Vote11 - Example 11		-	-	-	-	-	-	-	-	-
Vote12 - Example 12		-	-	-	-	-	-	-	-	-
Vote13 - Example 13		-	-	-	-	-	-	-	-	-
Vote14 - Example 14		-	-	-	-	-	-	-	-	-
Vote15 - Example 15		0	-	0	-	(0)	(0)	0	0	-
Total Expenditure by Vote	2	112,539	160,607	185,404	200,866	216,177	216,177	254,151	288,750	330,300
Surplus/(Deficit) for the year	2	(1,866)	(3,008)	2,249	39,421	6,642	6,642	22,160	26,530	35,366

References

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

KZN234 Umtshezi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Revenue By Source											
Property rates	2	23,787	26,232	29,164	31,332	31,332	31,332	31,332	33,463	36,140	39,031
Property rates - penalties & collection charges		4,769	5,183	5,008	5,357	5,357	5,357	5,357	5,732	5,789	5,847
Service charges - electricity revenue	2	53,298	71,850	96,669	126,782	126,619	126,619	126,619	155,741	191,562	235,621
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	4,084	4,771	5,055	5,222	5,222	5,222	5,222	5,535	5,867	6,219
Service charges - other											
Rental of facilities and equipment		306	749	748	840	741	741	741	467	490	515
Interest earned - external investments											
Interest earned - outstanding debtors		1,366	2,591	333	237	237	237	237	249	261	275
Dividends received											
Fines		239	199	346	293	293	293	293	299	305	311
Licences and permits		4,349	4,554	4,010	4,602	4,370	4,370	4,370	4,589	4,818	5,059
Agency services											
Transfers recognised - operational		13,157	18,328	20,894	35,935	25,916	25,916	25,916	29,398	32,320	35,571
Other revenue	2	1,289	4,247	2,371	787	982	982	982	1,031	1,082	1,136
Gains on disposal of PPE										0	(0)
Total Revenue (excluding capital transfers and contributions)		106,644	138,704	164,597	211,387	201,069	201,069	201,069	236,504	278,636	329,586
Expenditure By Type											
Employee related costs	2	37,874	37,012	47,351	47,258	53,106	53,106	53,106	56,823	61,653	66,894
Remuneration of councillors		3,299	3,621	3,843	3,964	3,796	3,796	3,796	4,024	4,266	4,522
Debt impairment	3	1,767	8,342	10,489	6,000	6,000	6,000	6,000	10,000	10,000	10,000
Depreciation & asset impairment	2	6,307	17,220	18,576	27,100	27,100	27,100	27,100	31,686	31,686	31,686
Finance charges		305	491	917	964	515	515	515	1,050	1,071	1,092
Bulk purchases	2	40,614	55,371	74,023	98,242	96,242	96,242	96,242	121,948	149,996	184,495
Other materials	8										
Contracted services		1,771	1,868	2,477	1,966	2,891	2,891	2,891	3,180	3,338	3,504
Transfers and grants		1,050									
Other expenditure	4, 5	19,552	36,683	27,594	15,372	24,527	24,527	24,527	24,643	25,875	27,168
Loss on disposal of PPE				134		2,000	2,000	2,000			
Total Expenditure		112,539	160,607	185,404	200,866	216,177	216,177	216,177	253,354	287,885	329,362
Surplus/(Deficit)		(5,896)	(21,903)	(20,806)	10,521	(15,108)	(15,108)	(15,108)	(16,850)	(9,249)	224
Transfers recognised - capital		4,030	18,895	23,055	28,900	21,750	21,750	21,750	39,010	35,779	35,142
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		(1,866)	(3,008)	2,249	39,421	6,642	6,642	6,642	22,160	26,530	35,366
Surplus/(Deficit) after capital transfers & contributions											
Taxation											
Surplus/(Deficit) after taxation		(1,866)	(3,008)	2,249	39,421	6,642	6,642	6,642	22,160	26,530	35,366
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(1,866)	(3,008)	2,249	39,421	6,642	6,642	6,642	22,160	26,530	35,366
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(1,866)	(3,008)	2,249	39,421	6,642	6,642	6,642	22,160	26,530	35,366

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method

KZN234 Umtshezi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Corporate Services		-	-	-	-	-	-	-	-	-	-
Municipal Manager		-	-	-	-	-	-	-	-	-	-
Finance and Budget		-	-	-	-	-	-	-	-	-	-
Civil Services		-	-	-	-	-	-	-	-	-	-
Planning,Economic and Community Services		-	-	-	-	-	-	-	-	-	-
Electrical Services		-	-	-	-	-	-	-	-	-	-
Vote7 - Example 7		-	-	-	-	-	-	-	-	-	-
Vote8 - Example 8		-	-	-	-	-	-	-	-	-	-
Vote9 - Example 9		-	-	-	-	-	-	-	-	-	-
Vote10 - Example 10		-	-	-	-	-	-	-	-	-	-
Vote11 - Example 11		-	-	-	-	-	-	-	-	-	-
Vote12 - Example 12		-	-	-	-	-	-	-	-	-	-
Vote13 - Example 13		-	-	-	-	-	-	-	-	-	-
Vote14 - Example 14		-	-	-	-	-	-	-	-	-	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Corporate Services		3,265	403	491	518	803	803	803	240	2,250	691
Municipal Manager		-	-	-	-	-	-	-	3	5	10
Finance and Budget		-	-	214	26	362	362	362	50	57	-
Civil Services		2,278	109	12,068	12,741	12,339	12,339	12,339	7,679	11,179	13,482
Planning,Economic and Community Services		2,090	18,114	15,768	22,814	20,392	20,392	20,392	28,954	45,048	32,079
Electrical Services		2,623	1,826	1,524	8,470	8,117	8,117	8,117	10,426	6,507	5,206
Vote7 - Example 7		-	-	-	-	-	-	-	-	-	-
Vote8 - Example 8		-	-	-	-	-	-	-	-	-	-
Vote9 - Example 9		-	-	-	-	-	-	-	-	-	-
Vote10 - Example 10		-	-	-	-	-	-	-	-	-	-
Vote11 - Example 11		-	-	-	-	-	-	-	-	-	-
Vote12 - Example 12		-	-	-	-	-	-	-	-	-	-
Vote13 - Example 13		-	-	-	-	-	-	-	-	-	-
Vote14 - Example 14		-	-	-	-	-	-	-	-	-	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		10,256	20,451	30,065	44,568	42,012	42,012	42,012	47,352	65,046	51,468
Total Capital Expenditure - Vote		10,256	20,451	30,065	44,568	42,012	42,012	42,012	47,352	65,046	51,468
Capital Expenditure - Standard											
Governance and administration		2,851	403	705	502	1,139	1,139	1,139	290	1,908	691
Executive and council		1,367	-	-	175	207	207	207	90	-	-
Budget and treasury office		-	-	214	26	362	362	362	50	57	-
Corporate services		1,484	403	491	302	570	570	570	150	1,851	691
Community and public safety		923	18,114	15,535	8,006	5,068	5,068	5,068	24,956	40,250	27,930
Community and social services		509	138	15,515	7,964	5,041	5,041	5,041	4,931	19,457	7,930
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		414	-	-	27	27	27	27	-	400	-
Housing		-	17,977	-	-	-	-	-	20,000	20,000	20,000
Health		-	-	20	15	-	-	-	25	393	-
Economic and environmental services		2,278	109	11,816	24,741	24,339	24,339	24,339	11,679	15,179	17,482
Planning and development		-	-	-	12,000	12,000	12,000	12,000	4,000	4,000	4,000
Road transport		2,278	109	11,816	12,741	12,339	12,339	12,339	7,679	11,179	13,482
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		4,204	1,826	1,857	11,320	11,468	11,468	11,468	10,426	7,708	5,356
Electricity		2,623	1,826	1,776	8,470	8,117	8,117	8,117	10,426	6,508	5,206
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		1,581	-	81	2,850	3,351	3,351	3,351	-	1,200	150
Other		-	-	153	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	10,256	20,451	30,065	44,568	42,012	42,012	42,012	47,352	65,045	51,459
Funded by:											
National Government		1,192	18,895	12,104	21,399	21,730	21,730	21,730	19,010	15,779	15,142
Provincial Government		-	-	15,515	7,500	-	-	-	20,000	20,000	20,000
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		5,832	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	7,024	18,895	27,619	28,899	21,730	21,730	21,730	39,010	35,779	35,142
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	13,500	13,026	13,026	13,026	4,500	-	-
Internally generated funds	6	3,232	1,556	2,446	2,169	7,257	7,257	7,257	3,842	29,267	16,326
Total Capital Funding	7	10,256	20,451	30,065	44,568	42,012	42,012	42,012	47,352	65,046	51,468

References

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

KZN234 Umtshezi - Table A6 Budgeted Financial Position

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
ASSETS											
Current assets											
Cash		5	3,148	–	1,835	1,835	1,835	1,835	3,507	11,685	25,211
Call investment deposits	1	23,941	9,308	156	2,000	2,000	2,000	2,000	1,050	2,500	5,000
Consumer debtors	1	51,241	48,519	49,433	46,958	46,958	46,958	46,958	46,723	47,658	48,611
Other debtors		1,101	7,837	5,810	8,307	8,307	8,307	8,307	3,500	3,500	3,800
Current portion of long-term receivables					35	35	35	35	–	–	–
Inventory	2	797	369	388	350	350	350	350	450	500	550
Total current assets		77,083	69,181	55,788	59,485	59,485	59,485	59,485	55,230	65,843	83,172
Non current assets											
Long-term receivables		1,274	726	806	691	691	691	691	806	806	806
Investments		4,329	331	98	280	280	280	280	250	300	350
Investment property											
Investment in Associate											
Property, plant and equipment	3	624,021	619,924	632,536	662,980	650,201	650,201	650,201	669,320	702,680	722,462
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		629,624	620,981	633,440	663,951	651,172	651,172	651,172	670,376	703,786	723,618
TOTAL ASSETS		706,707	690,162	689,228	723,436	710,657	710,657	710,657	725,606	769,629	806,790
LIABILITIES											
Current liabilities											
Bank overdraft	1	3,456	–	5,146	–	–	–	–	–	–	–
Borrowing	4	733	900	1,112	3,125	3,125	3,125	3,125	1,002	950	855
Consumer deposits		1,720	2,041	2,197	2,070	2,070	2,070	2,070	2,200	2,300	2,400
Trade and other payables	4	41,042	39,923	21,227	15,900	35,900	35,900	35,900	26,621	47,069	52,233
Provisions		3,437	3,513	6,361	2,332	2,332	2,332	2,332	6,500	6,500	6,500
Total current liabilities		50,388	46,377	36,042	23,427	43,427	43,427	43,427	36,323	56,819	61,988
Non current liabilities											
Borrowing		2,059	5,565	5,600	13,928	13,928	13,928	13,928	13,928	10,000	6,200
Provisions		–	–	–	–	–	–	–	–	–	–
Total non current liabilities		2,059	5,565	5,600	13,928	13,928	13,928	13,928	13,928	10,000	6,200
TOTAL LIABILITIES		52,447	51,943	41,642	37,355	57,355	57,355	57,355	50,251	66,819	68,188
NET ASSETS	5	654,260	638,220	647,586	686,081	653,302	653,302	653,302	675,355	702,810	738,602
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		653,038	637,125	646,491	684,246	651,467	651,467	651,467	674,260	701,715	737,507
Reserves	4	1,222	1,095	1,095	1,835	1,835	1,835	1,835	1,095	1,095	1,095
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	654,260	638,220	647,586	686,081	653,302	653,302	653,302	675,355	702,810	738,602

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

KZN234 Umtshezi - Table A7 Budgeted Cash Flows

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		83,081	109,243	140,697	172,011	188,011	188,011	188,011	207,287	247,040	254,235
Government - operating	1	13,157	18,328	20,894	35,935	35,935	35,935	35,935	30,398	32,320	35,571
Government - capital	1	4,030	18,895	23,055	28,900	11,731	11,731	11,731	39,010	35,779	35,142
Interest		1,366	2,591	333	237	237	237	237	249	261	274
Dividends											
Payments											
Suppliers and employees		(105,189)	(133,641)	(167,518)	(200,373)	(200,373)	(200,373)	(200,373)	(215,566)	(235,605)	(253,635)
Finance charges		(303)	(491)	(917)	(963)	(963)	(963)	(963)	(1,050)	(1,071)	(1,092)
Transfers and Grants	1	(103)	(127)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(3,962)	14,798	16,544	35,747	34,578	34,578	34,578	60,328	78,724	70,495
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		16,510	20,354	9,227	-	1,400	1,400	1,400	-	-	-
Decrease (Increase) in non-current debtors		1,366	2,591	333	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		1,081	548	(80)	984	984	984	984	-	-	-
Decrease (increase) in non-current investments		(13,097)	(13,136)	(9,815)	51	51	51	51	-	-	-
Payments											
Capital assets		(13,444)	(20,451)	(24,904)	(44,543)	(44,543)	(44,543)	(44,543)	(47,387)	(65,046)	(51,469)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(7,585)	(10,094)	(25,239)	(43,508)	(42,108)	(42,108)	(42,108)	(47,387)	(65,046)	(51,469)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		2,792	(630)	239	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	2,205	7	13,500	13,500	-	-	4,500	-	-
Increase (decrease) in consumer deposits		51	321	156	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	(3,912)	(3,912)	(3,912)	(3,912)	(4,500)	(5,500)	(5,500)
NET CASH FROM/(USED) FINANCING ACTIVITIES		2,843	1,896	402	9,588	9,588	(3,912)	(3,912)	-	(5,500)	(5,500)
NET INCREASE/ (DECREASE) IN CASH HELD		(8,704)	6,599	(8,293)	1,827	2,058	(11,442)	(11,442)	12,941	8,178	13,526
Cash/cash equivalents at the year begin:	2	5,252	(3,452)	3,147	2,008	2,008	2,008	2,008	(9,434)	3,507	11,685
Cash/cash equivalents at the year end:	2	(3,452)	3,147	(5,146)	3,835	4,066	(9,434)	(9,434)	3,507	11,685	25,211

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less

KZN234 Umtshezi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Cash and investments available											
Cash/cash equivalents at the year end	1	(3,452)	3,147	(5,146)	3,835	4,066	(9,434)	(9,434)	3,507	11,685	25,211
Other current investments > 90 days		23,941	9,309	157	-	(231)	13,269	13,269	1,050	2,500	5,000
Non current assets - Investments	1	4,329	331	98	280	280	280	280	250	300	350
Cash and investments available:		24,818	12,787	(4,891)	4,115	4,115	4,115	4,115	4,807	14,485	30,561
Application of cash and investments											
Unspent conditional transfers		25,830	12,693	2,879	-	-	-	-	-	-	-
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	(5,764)	(12,665)	(32,853)	(35,862)	(22,865)	(22,865)	(22,865)	(22,578)	(4,099)	6,538
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		20,066	28	(29,974)	(35,862)	(22,865)	(22,865)	(22,865)	(22,578)	(4,099)	6,538
Surplus(shortfall)		4,753	12,759	25,083	39,977	26,980	26,980	26,980	27,385	18,584	24,023

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

KZN234 Umtshezi - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	10,256	20,451	30,065	44,568	42,012	42,012	46,853	65,046	51,469
Infrastructure - Road transport		1,802	109	11,565	9,149	12,339	12,339	7,679	11,179	13,482
Infrastructure - Electricity		2,695	1,826	1,524	7,670	8,117	8,117	10,426	6,507	5,569
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		4,498	1,934	13,089	16,819	20,455	20,455	18,105	17,686	19,051
Community		367	138	101	808	1,836	1,836	3,755	16,270	10,568
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	17,977	15,667	19,500	15,600	15,600	24,000	23,000	21,000
Other assets	6	5,392	403	1,208	7,442	4,121	4,121	993	8,090	850
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	500	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	500	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	1,802	109	11,565	9,149	12,339	12,339	7,679	11,179	13,482
Infrastructure - Road transport		1,802	109	11,565	9,149	12,339	12,339	7,679	11,179	13,482
Infrastructure - Electricity		2,695	1,826	1,524	7,670	8,117	8,117	10,426	6,507	5,569
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		4,498	1,934	13,089	16,819	20,455	20,455	18,105	17,686	19,051
Community		367	138	101	808	1,836	1,836	4,255	16,270	10,568
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	17,977	15,667	19,500	15,600	15,600	24,000	23,000	21,000
Other assets	6	5,392	403	1,208	7,442	4,121	4,121	993	8,090	850
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	10,256	20,451	30,065	44,568	42,012	42,012	47,353	65,046	51,469
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		16,874	15,251	26,620	30,769	30,769	30,769	38,448	38,832	39,221
Infrastructure - Electricity		29,814	29,222	26,802	36,465	36,465	36,465	46,891	47,360	47,834
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		568,388	567,703	564,965	569,018	556,239	556,239	552,005	584,192	602,789
Infrastructure		615,076	612,175	618,387	636,251	623,472	623,472	637,344	670,384	689,843
Community		-	-	-	-	-	-	-	-	-
Heritage assets		(0)	0	-	-	-	-	-	(0)	(0)
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		8,945	7,749	14,150	26,729	26,729	26,729	31,976	32,296	32,619
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	624,021	619,924	632,536	662,980	650,201	650,201	669,320	702,680	722,462
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		6,307	17,220	18,576	27,100	27,100	27,100	31,686	31,686	31,686
Repairs and Maintenance by Asset Class	3	6,161	5,923	7,221	4,177	4,476	4,476	6,600	6,930	7,277
Infrastructure - Road transport		801	237	3,573	1,084	2,212	2,212	2,515	2,641	2,773
Infrastructure - Electricity		2,711	4,383	2,108	754	1,679	1,679	3,060	3,213	3,374
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	1,524	169	169	-	-	-
Infrastructure		3,512	4,620	5,681	3,362	4,060	4,060	5,575	5,854	6,147
Community		185	355	876	807	330	330	675	709	744
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6,7	2,464	948	664	7	87	87	350	368	386
TOTAL EXPENDITURE OTHER ITEMS		12,468	23,143	25,797	31,277	31,576	31,576	38,286	38,616	38,963
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	0.0%	0.0%
R&M as a % of PPE		1.0%	1.0%	1.1%	0.6%	0.7%	0.7%	1.0%	1.0%	1.0%
Renewal and R&M as a % of PPE		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Donated/contributed and assets funded by finance leases to be allocated to the respective category

KZN234 Umtshezi - Table A10 Basic service delivery measurement

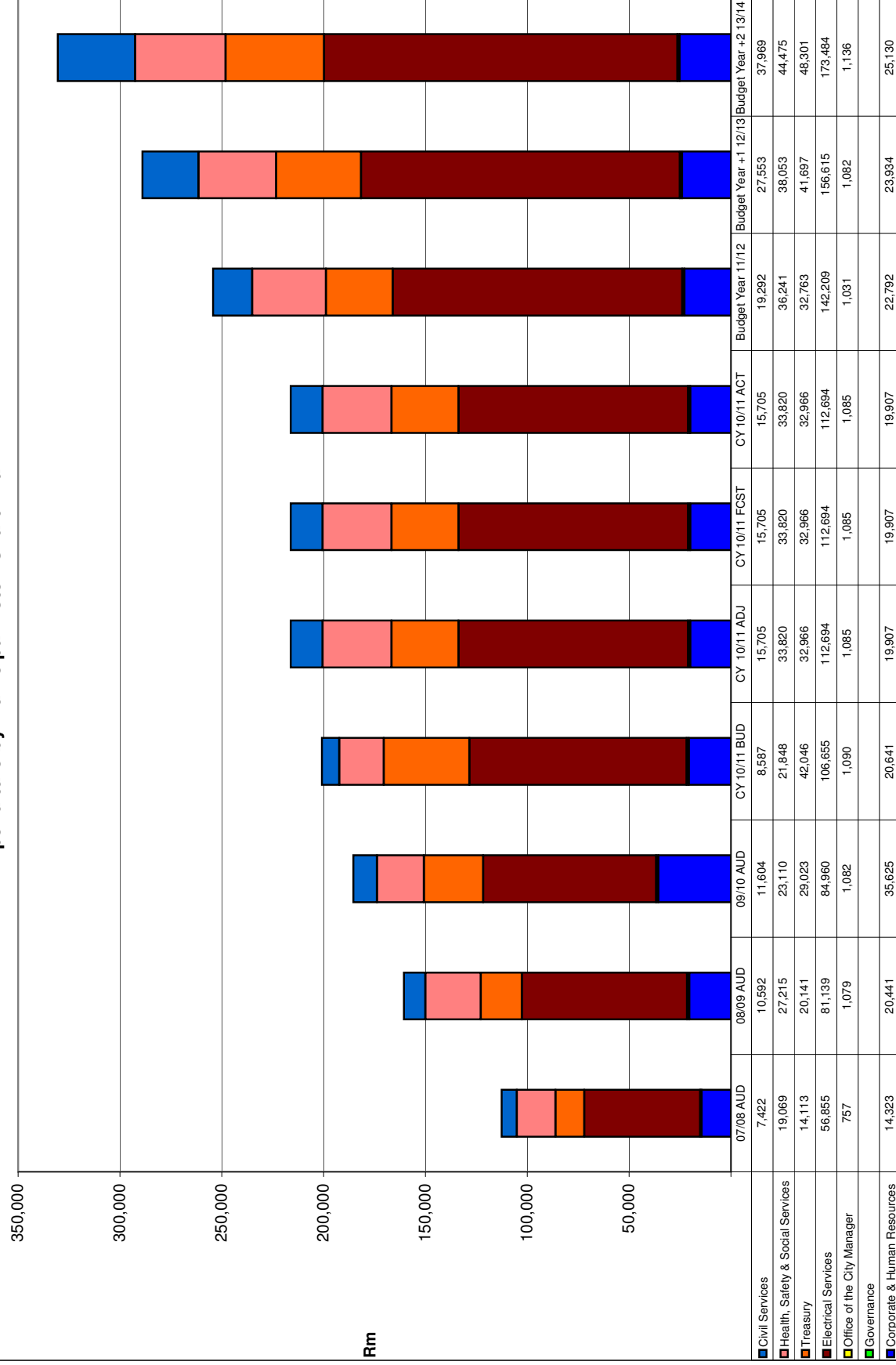
Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Household service targets (000)	1									
Water:										
Piped water inside dwelling	2									
Piped water inside yard (but not in dwelling)	2									
Using public tap (at least min.service level)	4									
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)	5	5	5	5	5	5	5	5	5	5
Electricity - prepaid (min.service level)	8	8	8	8	8	8	8	8	8	8
Minimum Service Level and Above sub-total		13	13	13	13	13	13	13	13	13
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	13	13	13	13	13	13	13	13	13
Refuse:										
Removed at least once a week	8	8	0	8	8	8	8	8	8	8
Minimum Service Level and Above sub-total		8	8	0	8	8	8	8	8	8
Removed less frequently than once a week										
Using communal refuse dump	5	5	5	6	6	6	7	7	7	
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		5	5	5	6	6	6	7	7	7
Total number of households	5	13	13	5	14	14	14	15	15	15
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)	3	3	3	4	4	4	4	5	5	
Refuse (removed at least once a week)	3	3	3	4	4	4	4	5	5	
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)	165	168	91	211	1,185	1,185	1,457	1,793	2,205	
Refuse (removed once a week)	55	72	128	80	1,629	1,629	1,726	1,830	1,940	
Total cost of FBS provided (minimum social package)	220	240	219	291	2,814	2,814	3,183	3,623	4,145	
Highest level of free service provided										
Property rates (R value threshold)					30,000	30,000	30,000	30,000	30,000	
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (R/and per household per month)										
Electricity (kwh per household per month)	161,050	156,600		183,750	4,500	4,500	4,950	5,445	5,989	
Refuse (average litres per week)	811,692	789,264		886,000	1,008,000	1,008,000	1,108,000	1,219,000	1,342,000	
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)				11,617	12,388	12,388	12,388	13,379	13,379	13,379
Property rates (other exemptions, reductions and rebates)				11,291	11,877	11,877	11,877	12,827	12,827	12,727
Water										
Sanitation										
Electricity/other energy	2,657	2,866		3,670	3,670	3,670	4,514	5,552	6,829	
Refuse	1,983	2,014		2,538	2,538	2,538	2,690	2,851	3,022	
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	4,640	4,880	22,909	30,473	30,473	30,473	33,410	34,609	35,957

References

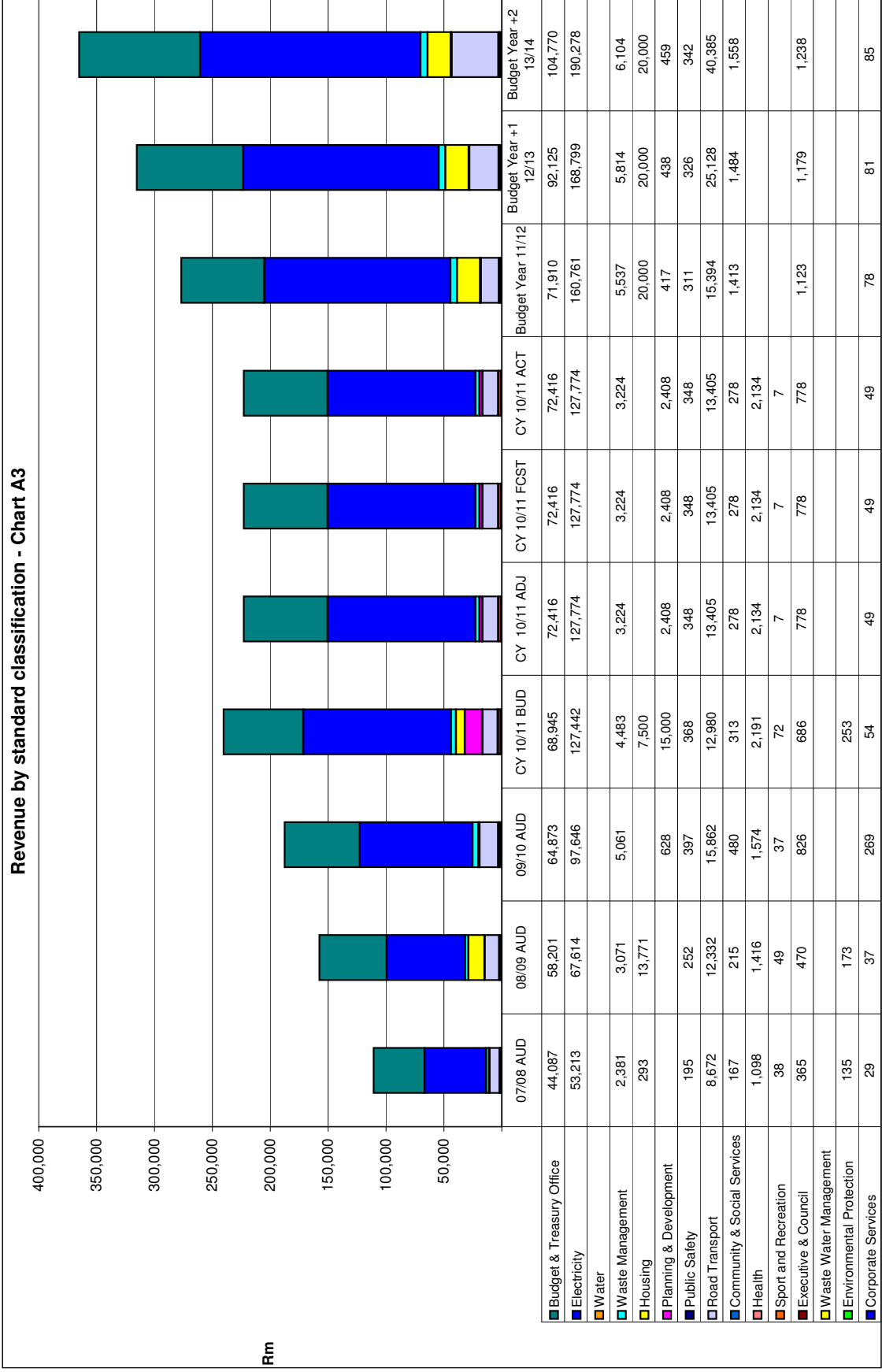
1. Include services provided by another entity; e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free
8. Must reflect the cost to the municipality of providing the Free Basic Service

BUDGET CHARTS

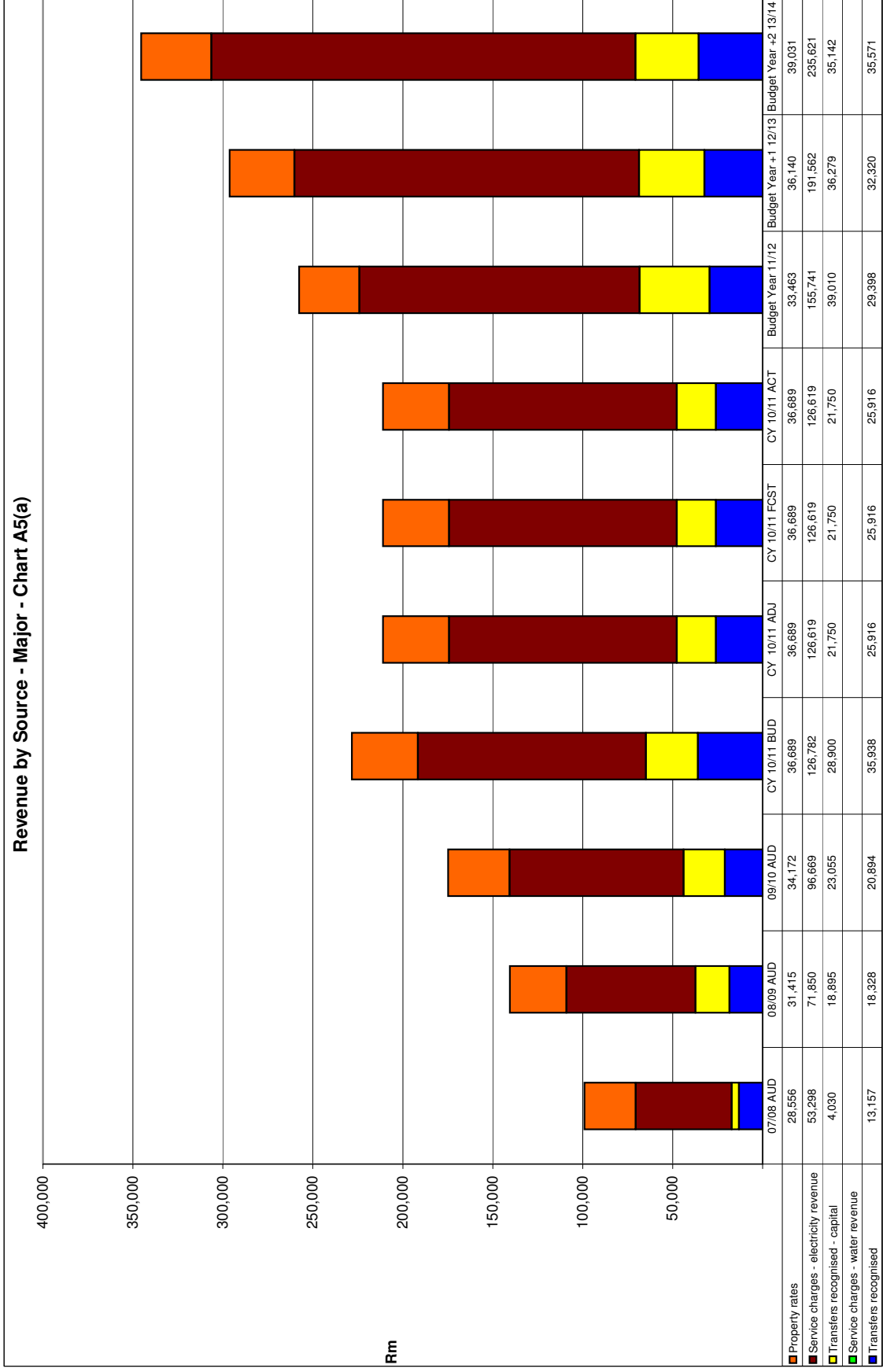
Expenditure by Municipal Vote - Chart A2a



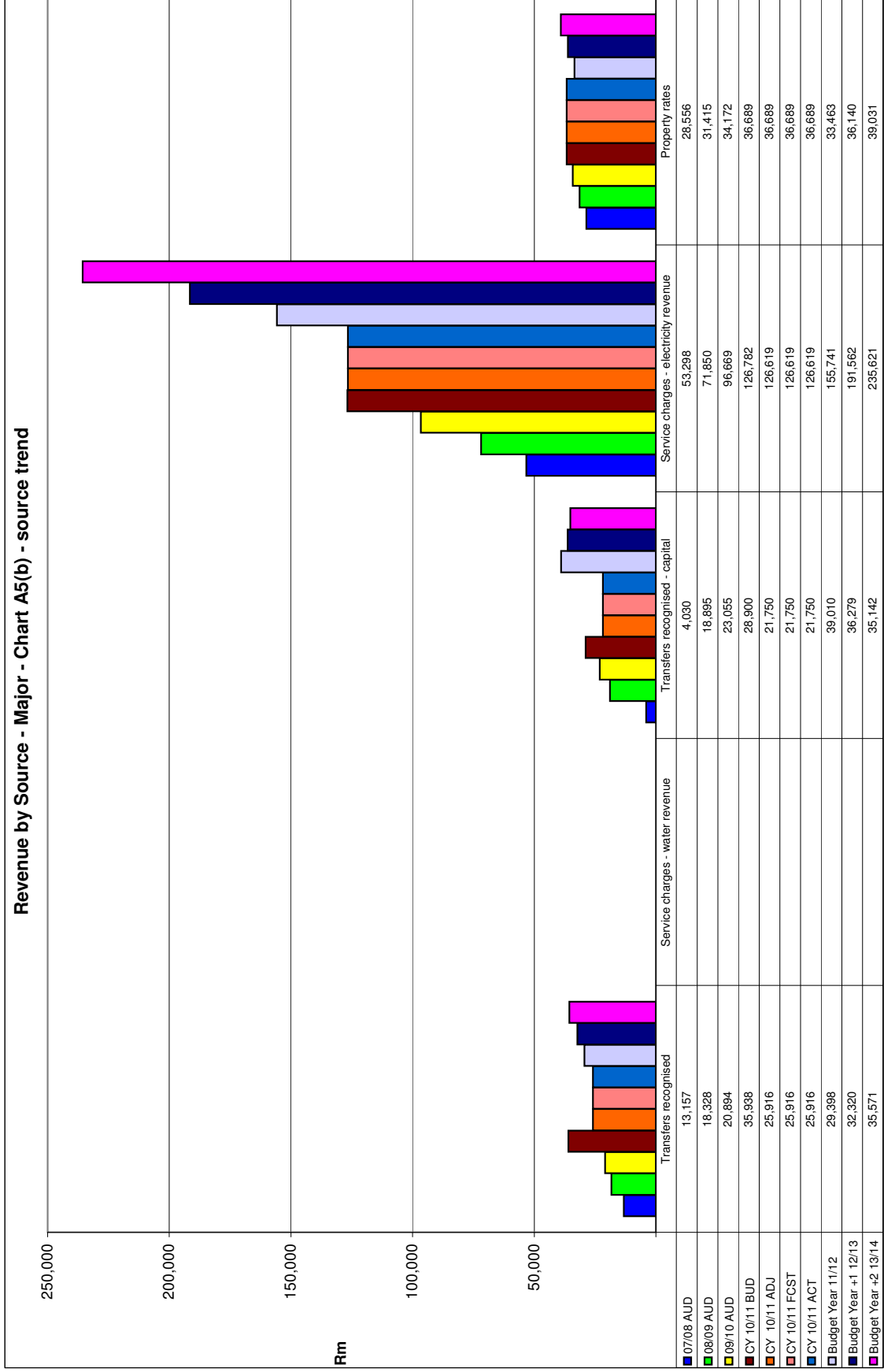
Revenue by standard classification - Chart A3



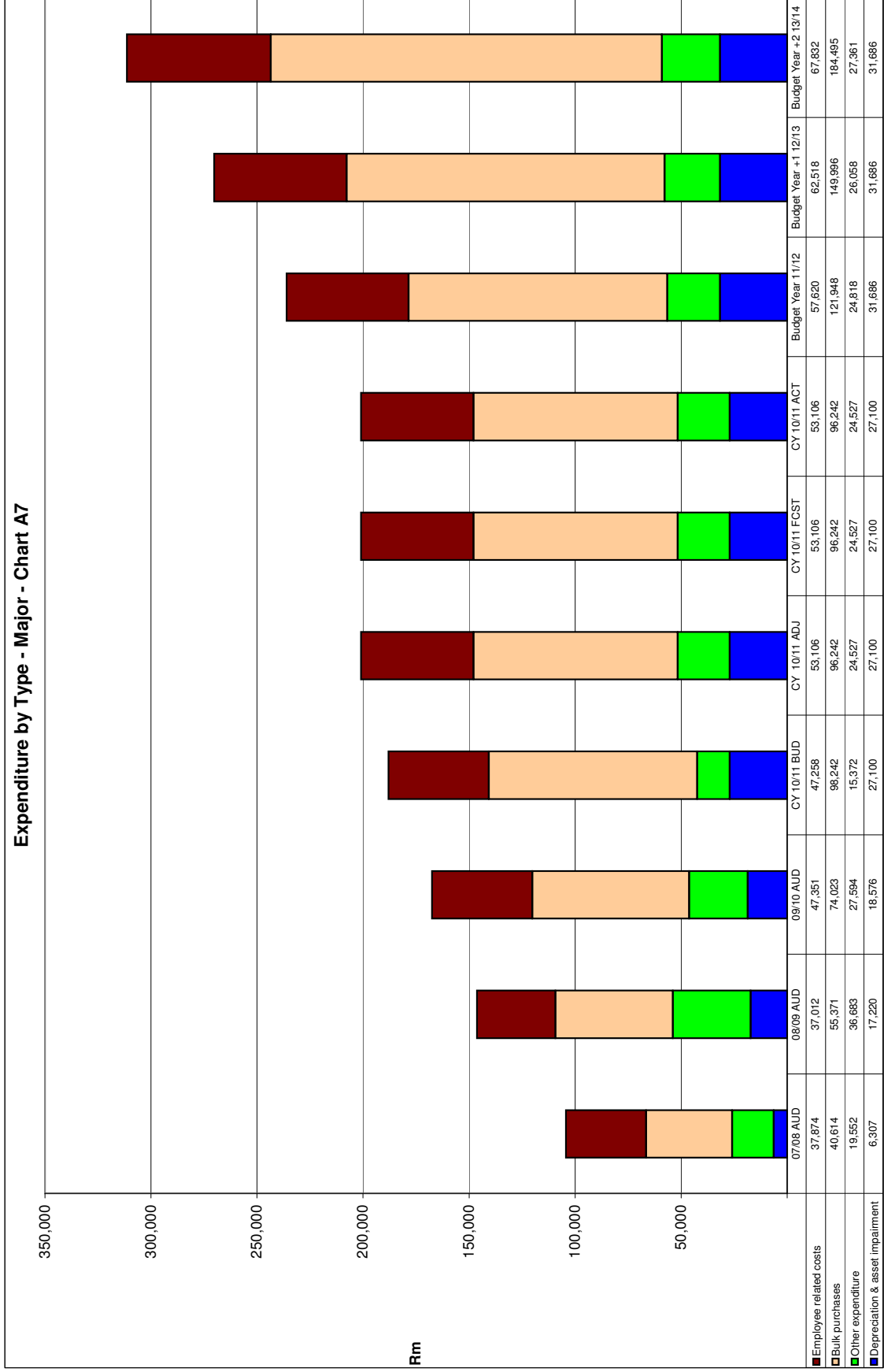
Revenue by Source - Major - Chart A5(a)



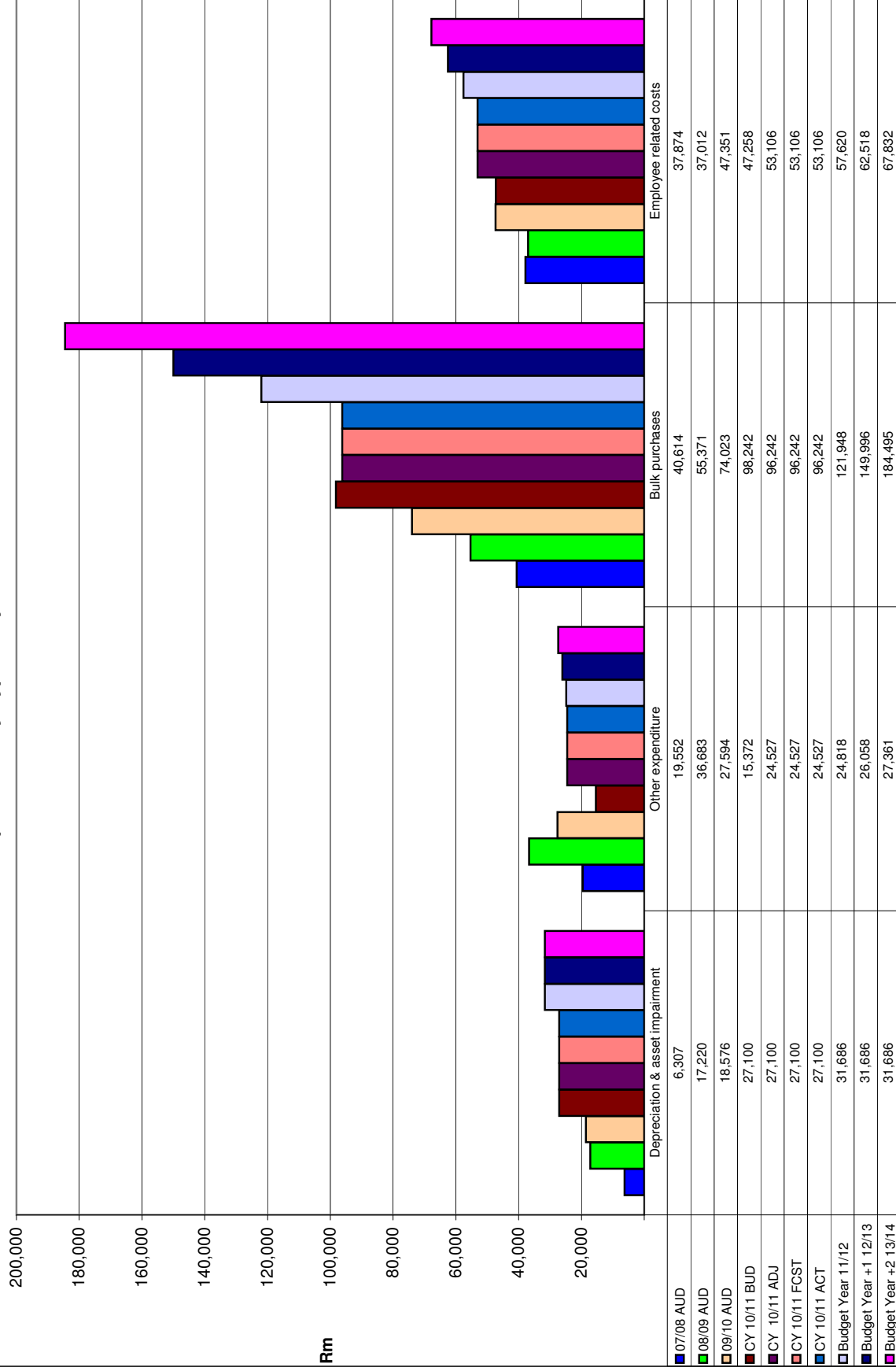
Revenue by Source - Major - Chart A5(b) - source trend



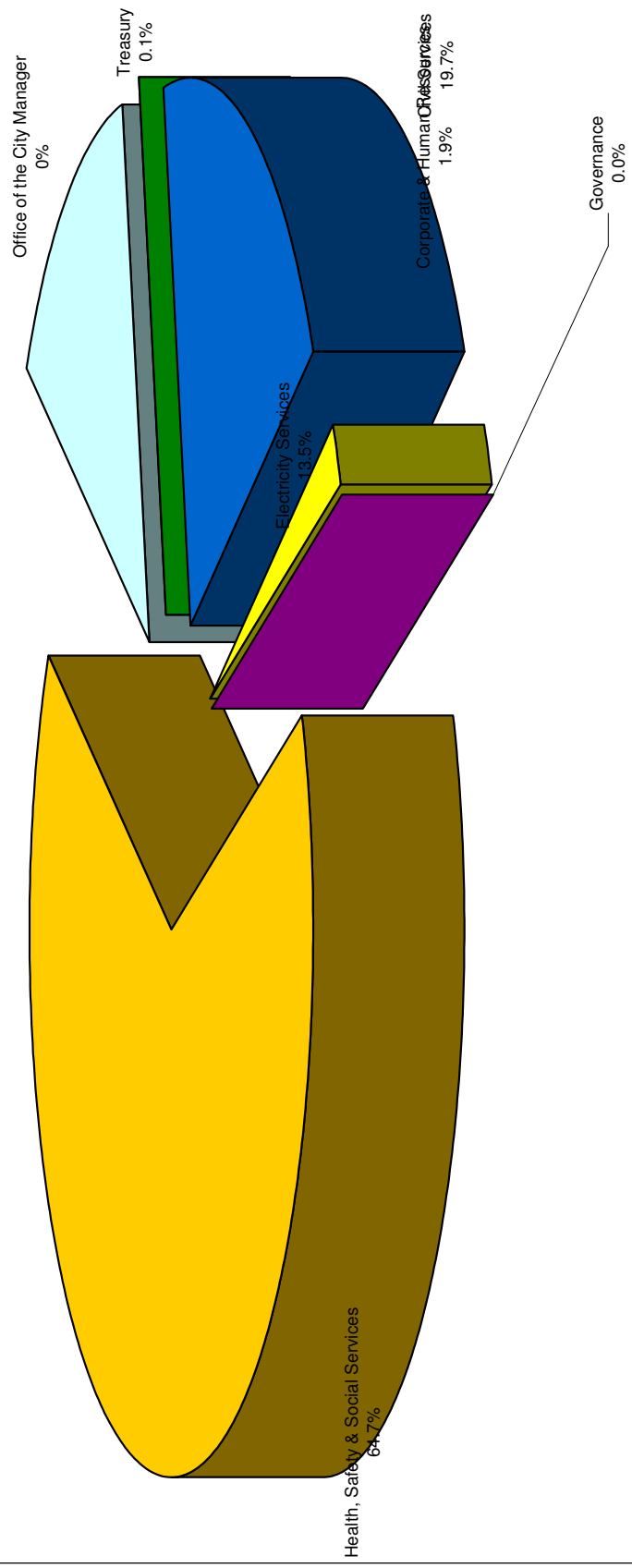
Expenditure by Type - Major - Chart A7



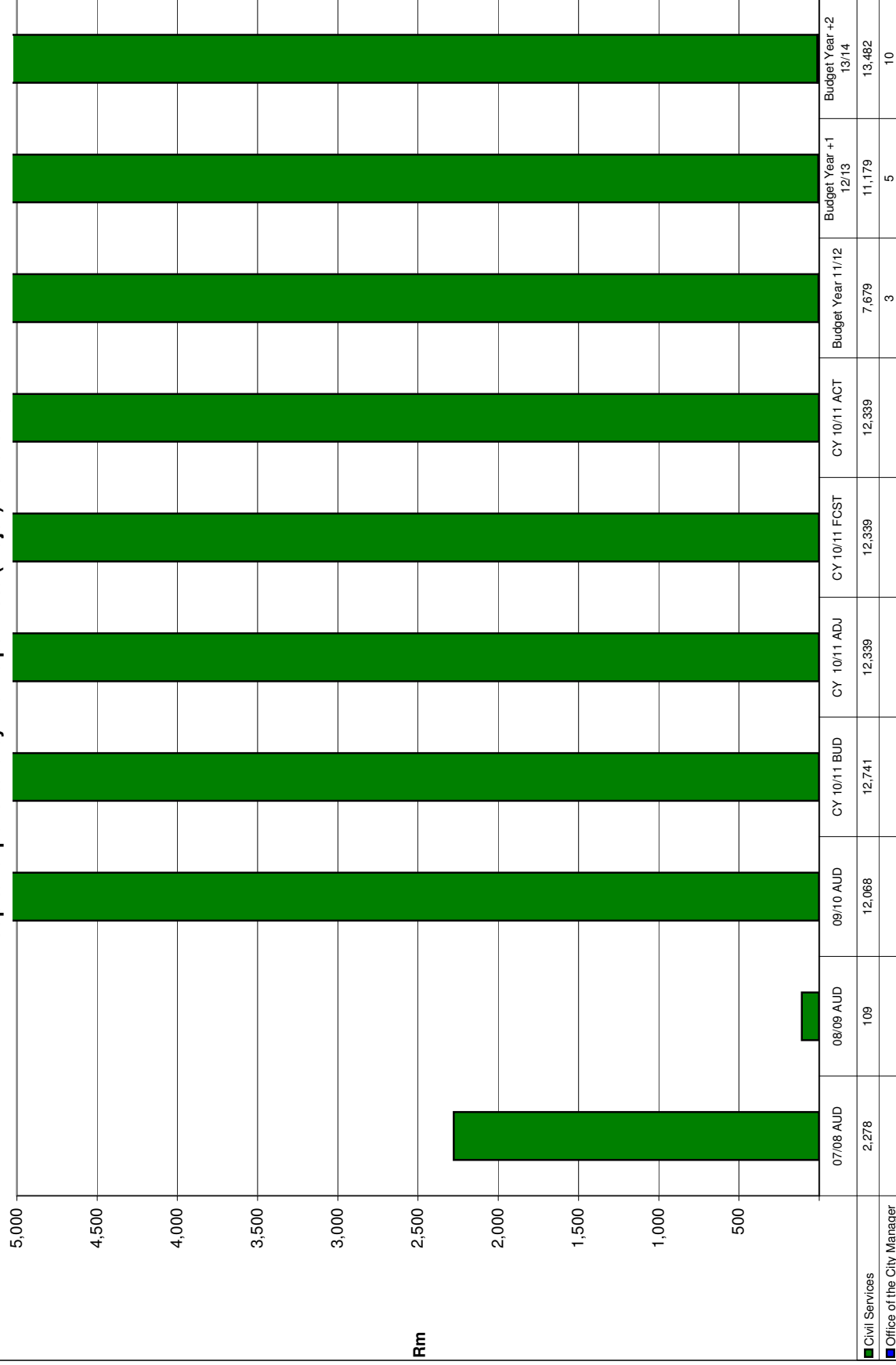
Expenditure by Type - Major - Chart A7



2011/12 MTREF (3 year total)
Capital expenditure program per vote

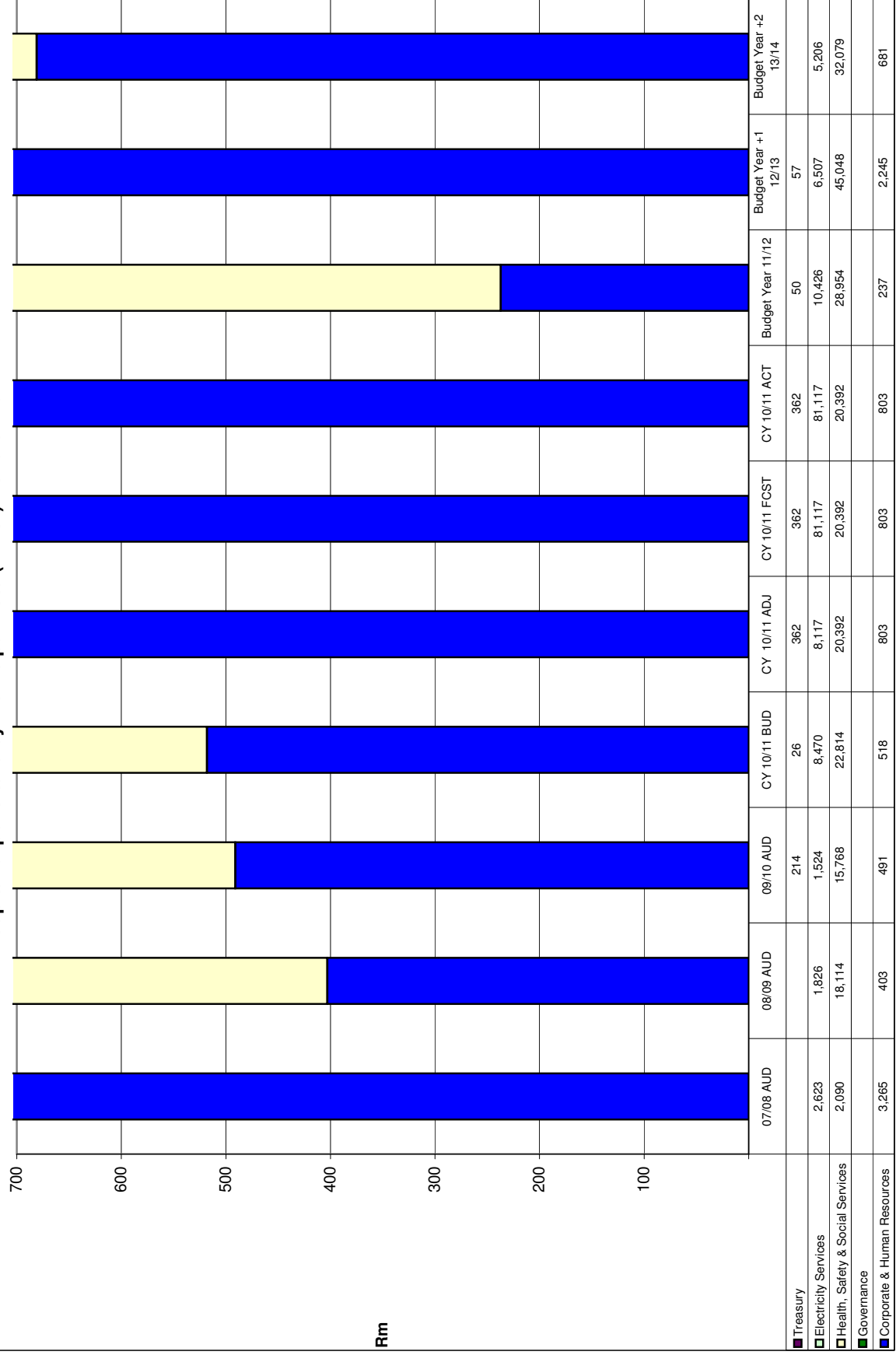


Capital expenditure by Municipal Vote (Major) - Chart A9

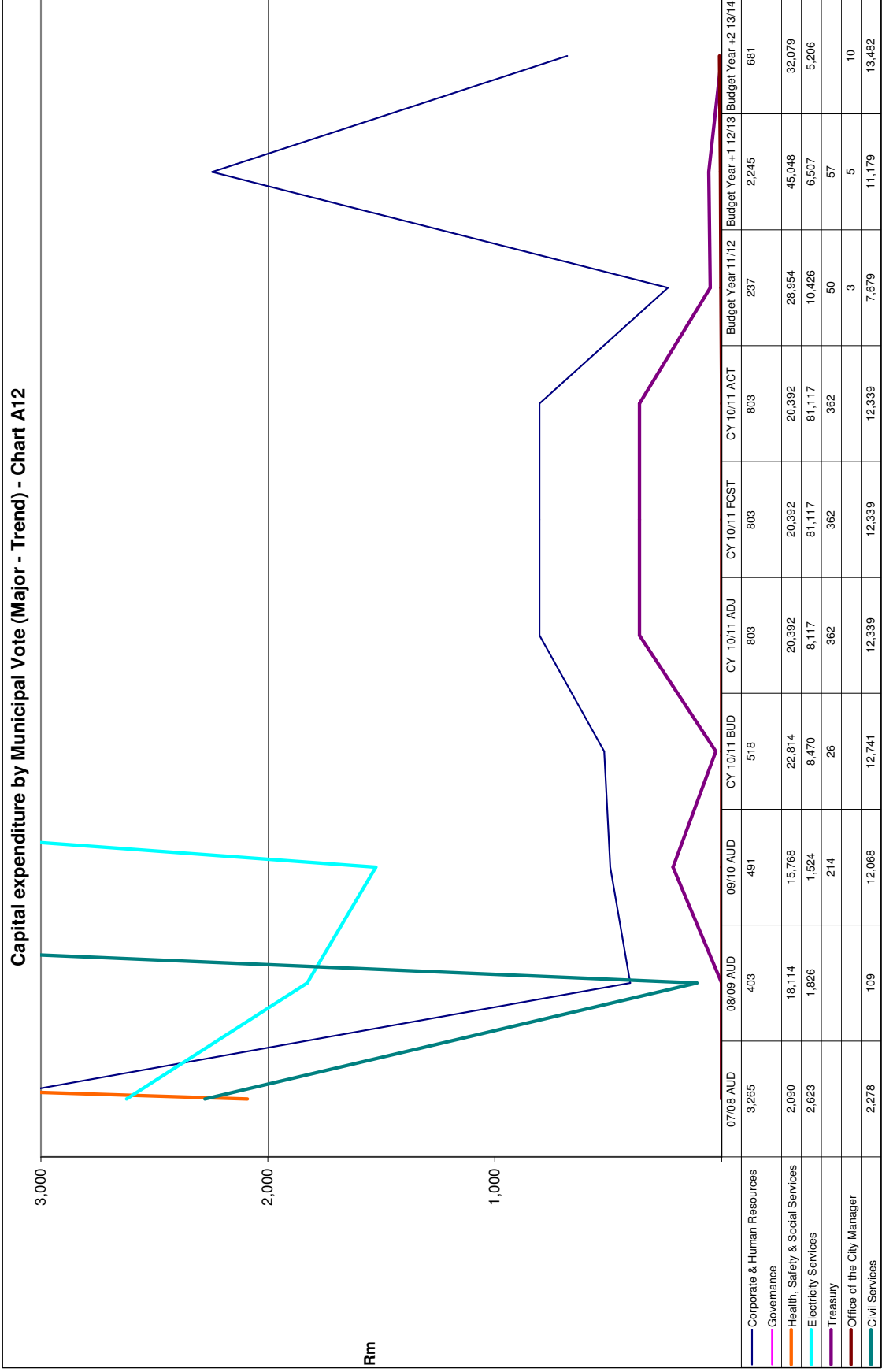


■ Civil Services
 ■ Office of the City Manager

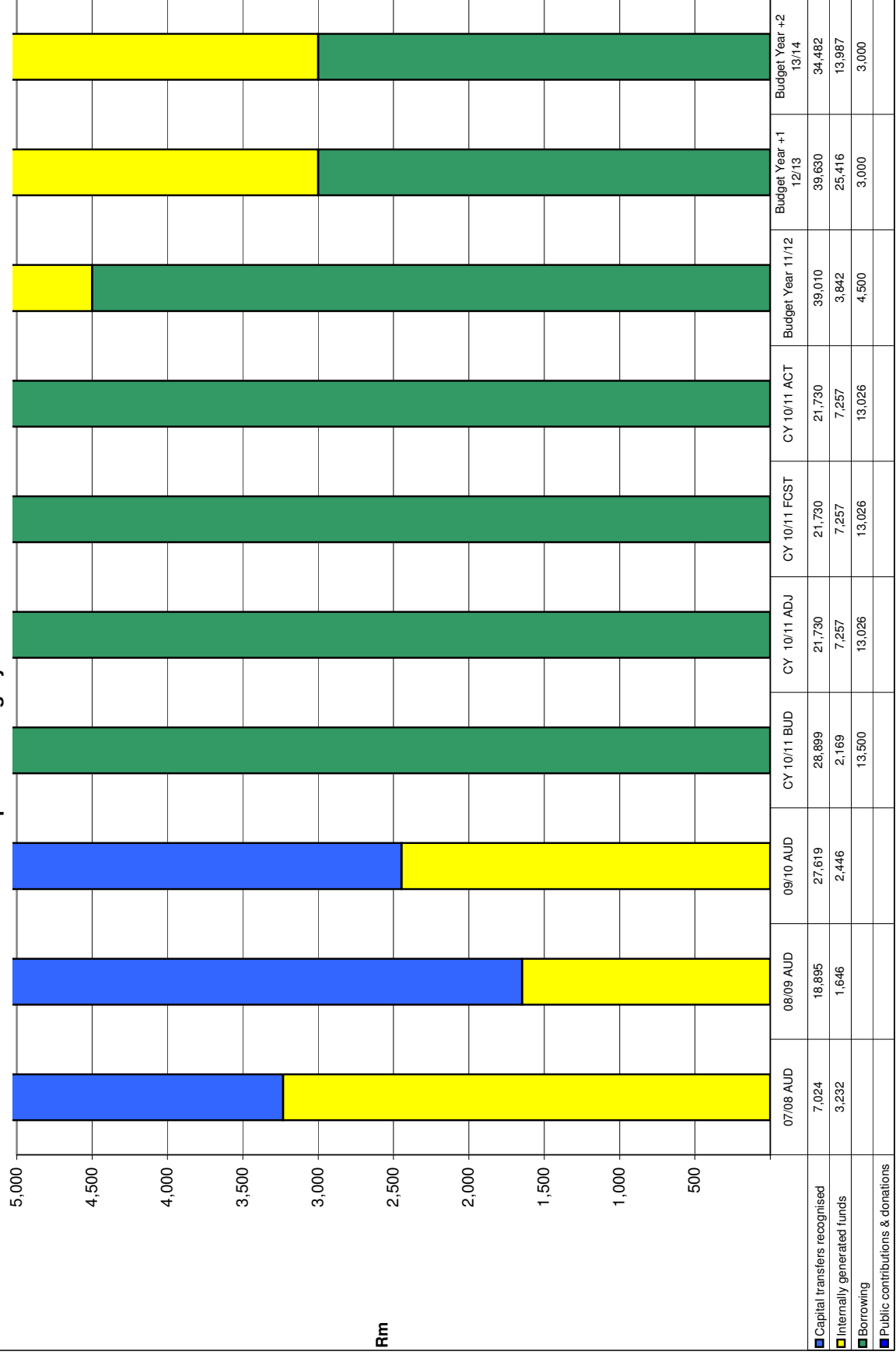
Capital expenditure by Municipal Vote (Minor) - Chart A10



Capital expenditure by Municipal Vote (Major - Trend) - Chart A12



Capital funding by source - Chart A13



PART 2

SUPPORTING DOCUMENTATION

OVERVIEW OF ANNUAL BUDGET PROCESS

The budget process is an effective process that every local government must undertake to ensure good governance and accountability. The process of the preparation of the annual budget is described in Chapter 4 of the Municipal Finance Management Act No 56 of 2003.

The Mayor of the Municipality must table the annual budget at a Council Meeting at least 90 days before the start of the budget year.

POLITICAL OVERSIGHT OF THE BUDGET PROCESS

THE Mayor of the Municipality drives the budget process. He is instrumental in ensuring that the Municipality approves its annual budget before the start of the budget year and providing political guidance over the budget process and the priorities that guide its preparation.

BUDGET STEERING COMMITTEE

A budget Steering committee of a Municipality was established to provide assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act. This committee is responsible for the:

- 1. Reviewing the annual and revised budget by the Management.**
- 2. Ensure that the annual budget is linked to the Integrated Development Plan (IDP).**
- 3. Review the Key Budget Deadlines and ensure that the timetable is adhered to.**

This committee consists of the following members:

- 1. The Councillor responsible for Finance matters (Mayor)**
- 2. Municipal Manager**
- 3. Chief Financial Officer**
- 4. Head of Departments**
- 5. Accountant Income**
- 6. Accountant Expenditure**
- 7. Budget Control Officer**

The Budget Steering Committee reviewed the budget and adjustments made to the budget.



SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

One of the objectives of the budget timetable is to ensure integration between the development of the IDP and the budget and also to ensure that a balanced budget is tabled for consideration and approval. The schedule of key deadlines was approved by Council on the 26 August 2010. Below is the table of key deadlines.

TIME SCHEDULE OF KEY DEADLINES		
Month	MTSHEZI MUNICIPALITY	Budget Year 2011/2012
	Mayor and Council / Entity Board	Administration - Municipality and Entity
July	<p>Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process</p> <p>FMA s 53</p> <p>Planning includes review of the previous years budget process and completion of the Budget Evaluation Checklist</p>	<p>Accounting officers and senior officials of municipality and entities begin planning for next three-year budget</p> <p>MFMA s 68, 77</p> <p>Accounting officers and senior officials of municipality review options and contracts for service delivery</p> <p>MSA s 76-81</p>
August	<p>Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP</p> <p>as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year.</p> <p>MFMA s 21,22, 23;</p> <p>SA s 34, Ch 4 as amended</p> <p>Mayor establishes committees and consultation forums for the budget process</p>	
September	<p>Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans</p>	<p>Budget office of municipality determines revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives</p> <p>Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, electricity, roads, etc)</p>
October		<p>Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials</p> <p>MFMA s 35, 36, 42; MTBPS</p>



November		Accounting officer reviews and drafts initial changes to IDP MSA s 34
December		Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous years performance as per audited financial statements
January		Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January) MFMA s 36
February		Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year MFMA s 37(2)
March	council finalises tariff (rates and service charges) policies for next financial year MSA s 74, 75 Mayor tables municipality budget, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year MFMA s 16, 22, 23, 87; MSA s 34	Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed MFMA s 22 & 37; MSA Ch 4 as amended Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March MFMA s 42
April	Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc MFMA s 21	Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year
May	Public hearings on the budget, and council debate. Council consider views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year. MFMA s 23, 24; MSA Ch 4 as amended	Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature
June	Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by	Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements



	<p>source and expenditure by vote before start of budget year</p> <p>MFMA s 16, 24, 26, 53</p> <p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval.</p> <p>MFMA s 53; MSA s 38-45, 57(2)</p> <p>Council must finalise a system of delegations.</p> <p>MFMA s 59, 79, 82; MSA s 59-65</p>	<p>required by s 57(1)(b) of the MSA.</p> <p>MFMA s 69; MSA s 57</p> <p>Accounting officers of municipality publishes adopted budget and plans</p> <p>MFMA s 75, 87</p>
<p>Abbreviations: IDP - Integrated Development Plan; MFMA - Local Government: Municipal Finance Management Act, No. 56 of 2003; MSA - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; MTBPS - National Treasury annual publication, Medium Term Budget and Policy Statement; NT - National Treasury; PT - Provincial Treasuries; SDBIP - Service Delivery and Budget Implementation Plan</p>		

PLANNING PROCESS

Management has analysed the entire financial situation and various proposals regarding the tariff increases. This was also tabled in the finance committee and these proposals were analysed again and final proposals were made.

Workshops with councilors were held to deal with the detailed operating budget and capital budget on a line by line basis. Prior to this, Management has summarised some of the critical issues of the IDP that have been prioritised by councilors previously and not previously budgeted for, into the budget.

In summary, the planning process involved Management analysis of key priorities, finance committee analyzing suitable tariffs, workshops with councilors regarding detailed budget items and overall review of budget related policies namely the rates policy. Adjustments to the rates policy are summarised in the overview of the budget related policies.

CONSULTATION PROCESS

The budget is informed by the IDP. A meeting with the community and key stakeholders was held to obtain comments for the IDP on 09/02/2011 and during the latter half of 2010.

Information was gathered in the meeting and included in the IDP. During the planning process as highlighted above, these inputs were considered and used in the preparation of the budget. Once the draft budget has been approved by Council further consultations with



the community and key stakeholders will be held in order to obtain further comments and to make any adjustments necessary with the final budget.

Considerable effort has been made and many processes were followed to ensure a realistically funded, credible budget that fulfills the needs of the community.



ALIGNMENT OF THE BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN (IDP)

The IDP was based on the municipal theme i.e. “Transforming For Better Service Delivery”. The theme places emphasis on what the Municipality plans to achieve, how this will be implemented, who will implement it and what resources in terms of budgets, infrastructure and institutional capacity are available to fulfill that purpose.

The municipal theme was further translated into a time-based vision.

VISION

“By 2020, Umtshezi Local Municipality will be the champion of a sustainable Development and Safe Environment”

Based on the above vision, the Municipality has formulated a consolidated, brief and holistic mission statement which describes how the vision will be achieved.

MISSION STATEMENT

The Umtshezi Municipality in partnership with other sectors / stakeholders are committed to:

- Providing and enabling an economic and social development environment
- Striving to provide housing with bulk infrastructure
- Establishing and maintaining community networks that promote healthy engagement between the Municipality and its stakeholders
- Developing Umtshezi in a way that does not compromise future generations
- Work co-operatively with other spheres of government and the private sector.
- Continuously provide service in an equitable manner taking into account Batho Pele Principles

COMMUNITY PARTICIPATION, BACKLOGS AND BUDGET

Consultation with the various stakeholders was held in order to obtain comments for inclusion for the drafting of the IDP. Meetings were held with management and all councilors to align the projects identified in the IDP with the budget. Projects in the IDP were prioritized and included in the budget. This process is identified in the Budget Process Overview.

CONCLUSION

The draft IDP and budget was made public and road shows were planned from the 11 April 2011 to 15 April 2011 to obtain comments from all stakeholders and communities about the IDP and budget. Budget roadshows were held on the 26th of April 2011, 28th of April 2011 and 29th of April 2011. Comments were obtained at the roadshows and included in the budget.



MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

The following are the key financial ratios and indicators for the budgeted 2011/2012 financial year. The 2010/2011 budgeted figures and the 2009/2010 actual figures are also represented as a comparative:

Financial Benchmarks	Basis of Calculation	2009/2010	2010/2011	2011/2012
Debt to Asset Ratio	Total Debt / Total Assets	0.072 : 1	0.052 : 1	0.069 : 1
Debt to Revenue	Total Debt / Annual Income	0.36 : 1	0.17 : 1	0.18 : 1
Average Interest Paid on Debt	Interest paid / Total Interest Bearing Debt	0.14 : 1	0.07 : 1	0.02 : 1
Interest as a percentage of operating expenditure	Interest paid / Operating Expenditure	0.003 : 1	0.005 : 1	0.004 : 1
Current Ratio	Current Assets / Current Liabilities	1.5 : 1	2.5 : 1	1.52 : 1
Creditors System Efficiency	% of Creditors paid within terms	75%	90%	90%



OVERVIEW OF BUDGET RELATED POLICIES

Below is a brief overview of each of the policies that has a direct or indirect influence on the budgeting process.

These policies are reviewed on an annual basis and the necessary changes are tabled before council to ensure that the policies are relevant to the ever changing economic climate, and relate to the needs of the municipality, and the consumers within the municipalities jurisdiction.

Copies of these policies can be viewed at the municipal offices and on the municipal website.

Risk Management Policy

The onus is placed on the Accounting Officer (Municipal Manager) to mitigate all risks in the municipal entity. Although all staff will be aware of the need to prevent loss and to safeguard stakeholders' interests, they may not be quite so clear about the institution's standpoint on risk. The risk policy gives direction on ways to mitigate or eliminate risks in the entity. The risk management policy is a brief statement about the institution's commitment to risk management. Risk management promotes good governance in terms of accountability, transparency and either obviate risk, identify it timeously or minimize its impact. No adjustments are proposed for this policy.

Credit control and Debt Collection Policy

It is a tool to help fulfil the municipality's constitutional obligations to develop the local economy and to provide acceptable services to its residents. It ensures that all monies due to the municipality are collected by ensuring billing is done accurately and timeously and ensuring payment is done promptly. It provides a framework within which the municipality can exercise its executive and legislative authority for debt collection and credit control. It sets realistic targets for debt collection.

Virements Policy

This policy seeks to build a regulatory framework and guidance around adjustment of the municipality's internal processes leading to the adjustment of the municipality's budget. The policy is not meant to encourage Directorates to continuously change plans but rather encourages efficient utilization of scarce financial resources. No proposed amendments are being made to this policy.

Funding and Reserve policy

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term goals and includes funding as well as reserves requirements. The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs. The municipality, however, recognises the plight of the poor, and in



line with national and provincial objectives, the municipality commits itself to subsidised services to the poor. This will necessitate cross subsidisation in tariffs to be calculated in the budget process.

Municipal Long term Borrowing Policy

An Investment Framework policy and Guidelines as required by the Municipal Finance Management Act and in conformity with the Municipal Cash Management Regulations. The Umtshezi Municipality has also prepared a borrowing policy in compliance with the Municipal Finance Management Act and the Municipal Regulations on Debt Disclosure. No adjustments are being proposed for this policy.

Tariff Policy

The objective of the policy which is consistently applied to all tariffs is to ensure that:

- The tariffs of the Municipality comply with the legislation prevailing at the time of implementation;
- The municipal services are financially sustainable, affordable, and equitable;
- The needs of the indigent, aged and physically challenged are taken into consideration.

The policy is developed in line with principles as outlined in the municipal Systems Act.

Amendments are proposed to this policy as follows:

Rates Rebate

- Bed & Breakfast – 25%
- Bed & Breakfast (Non Resident) – 20%
- Pensioner – 12.50%

Electricity – 23 % (Increase 2010/2011)

Refuse Removal Charges – 6% (Increase 2010/2011)

Rent – 6% (Increase 2010/2011)

Hire Charges – 6% (Increase 2010/2011)

Other Services – 6% (Increase 2010/2011)

Indigent policy

The policy gives directive to the entity, in terms of the municipal finance management act, on which consumers can be given a subsidy and be classified as being indigent.

Amendments – Consumers with a property value of more than R400 000 may not be regarded as indigent

Fraud Prevention

Adopts and plan strategies to eliminate fraud in the entity. No adjustments are being proposed for this policy.



Rates Policy

Section 3(1) of the local Government Municipal Property Rates Act, 2004 (Act 6 of 2004) and section 62 (1)(f) of the Municipal Finance Management Act (MFMA) determines that a municipality must adopt and implement a rates policy on the levying of rates on rateable properties.

Amendments – Two additional property groups were proposed namely, recreational clubs and vacant land

Budgeting Policy

This policy will be used to support the municipality's budgetary process, provide guidance for prudent fiscal management, and acquisition of sustainable resources in conjunction with all National Treasury Guidelines, Municipal Finance Management Act and all relevant promulgated laws. No adjustments are being proposed for this policy.

Asset Management Policy

Asset Management encompasses planning/demand management, acquisitions, use, maintenance, and disposal of assets. The purpose of the Asset Management Policy is to govern the management of assets owned by Umtshezi (both operationally and financially) to ensure that they are managed, controlled, safeguarded and used in an efficient and effective manner in terms of GRAP and Municipal Finance Management Act of 2003. No adjustments are being proposed for this policy.

Supply Chain

Supply Chain Management Policy reflects and represents the context of a specific government policy that finds expressions within the provisions of the Municipal Finance Management Act of 2003. The principal objectives of the policy are to provide, promote, and implement theoretical guidelines, governing processes and procedures within the supply chain management. No adjustments are being proposed for this policy.



BUDGET ASSUMPTIONS

When preparing a budget, certain assumptions are usually made. In order to gain a clearer understanding of the figures presented in this draft budget, the following assumptions were made.

REVIEWING THE EXTERNAL FACTORS

The economic climate was considered when drafting the budget which is highlighted in the executive summary. The ultimate objective was to obtain resources that could be allocated to prioritized areas or functions in order to ensure that service delivery is effectively achieved.

ASSUMPTIONS USED

National Treasury had proposed a few guidelines with the intention of trying to curb inflation. Their guideline was 6% of most services. Salaries and wages are estimated to be 2% above CPI as per the collective agreement with SALGA. The average CPI figures from February 2010 to January 2011 was 4,08%. Two percent above this would mean that the increase in salaries would be 6,08%. There are a large number of vacant posts that the Municipality will be filling in the 2011/2012 financial year. As a result of this, the increase for salaries is 6,08% increase due to SALGA agreement plus a 0.92% for the filling of the vacant posts. Therefore the effective increase is 7%. It was also assumed that councilors remuneration would increase by 6%. The following increases were implemented in the draft budget:

DESCRIPTION	2011/12	2012/13	2013/14
Increase in salaries	7%	8.5%	8.5%
Councilors remuneration	6%	6%	6%
General Expenses	6%	6%	6%
Electricity Purchases	26.71%	26.71%	26.71%

ELECTRICITY TARIFFS

The increase in the electricity tariffs is explained in the Executive Summary. The main reason as to why the tariffs are proposed to increase by 23% instead of 20.38% is because the current tariffs result in a gross profit percentage for electricity that is outside NERSA guidelines. The percentage electricity purchases to electricity sales should be 70% as per NERSA guidelines and are currently 76.01% as per the 2010/2011 financial year. A 20.38% increase tariffs would result in this percentage increasing to 79.06% whereas a 23% would result in 78.30%. This is still not within NERSA guidelines. Therefore, the percentage increase was proposed to be 23% taking into consideration the guidelines by NERSA and the current economic climate.



OVERVIEW OF BUDGET FUNDING

FISCAL OVERVIEW

2011/2012 PROJECTED FINANCIAL PERFORMANCE

The Umtshezi municipality continues to strive towards achieving a sound financial profile and a high liquidity level.

The above will be achieved through

- Balanced budgets funded from current year revenue
- The municipality will operate within the constraints of a council approved annual budget
- Improved revenue collection rate
- Striving to maintain a positive cash position

REVENUE COLLECTION

Taking into account the percentage increase of the rates and services tariffs, the implementation of the block tariff structure should bring considerable relief to indigent consumers, but will inadvertently penalize households with high electricity usage.

The municipality has contracted the services of an external debt collection agency, in order to assist in ensuring that outstanding revenue is collected.

The other strategies that will be implemented in the 2011/2012 financial year will be:-

- Ensure that billing is done timeously and accurately
- Ensure that turn around times on account queries are minimal
- Review of credit control and indigent policies
- Full implementation of the abovementioned policies

COLLECTION RATE

The collection rate is the cash received by the municipality from consumers expressed as a percentage of the amount billed.

The average monthly collection rate and projections for 2011/2012 is 95%

OPERATING BUDGET

Operating expenditure is budgeted at R254,151 million and is funded through

- Electricity sales of R155,741,000.00 which has increased by 23%
- Property Rates Charges of R33,463,000 which has increased by an average of 6.8%
- Refuse Removal charges of R5,535,000 which has increased by 6%
- Rent of Facilities of R467,000
- Interest of R249,000



- Fines of R299,000
- Licenses and permits of R4,589,000
- Grants and transfers of RR29,398,000
- Other Income of R1,031,000

This results in an operating deficit of R16,850,000 which is as a result of depreciation. This is not a cash deficit, meaning the cash flow situation of the municipality is still favorable.

CAPITAL BUDGET

The capital expenditure for the 2011/2012 budget is estimated at R47,352,175 and is funded by

• DBSA	R4,500,000
• MIG	R10,510.000
• INEP	R4,500,000
• NDPG	R4,000,000
• CRU	R20,000,000
• COUNCIL	R3,842,175
<u>TOTAL</u>	R47,352,175



EXPENDITURE AND ALLOCATIONS ON GRANTS PROGRAMMES

Below is the summary of the grants, both operating and capital, that is allocated to the Municipality as proposed in the Division of Revenue Bill (DORA). The grant received for the Municipal Systems Infrastructure (MSIG) is not included in the operating grants to be received in the budget tables as these funds have already been realized in the year in which the expenditure was incurred. These funds were used to pay for the valuation roll expenses for the implementation of the Municipal Property Rates Act (MPRA). These funds are committed to repay a DBSA loan that was secured for the project.

Below are all the grants that will be received by the Municipality:

	2011/2012	2012/2013	2013/2014
National Grants			
Operating Grants			
FMG	1 450 000	1 500 000	1 750 000
MSIG	790 000	800 000	900 000
Equitable Share	24 820 000	27 550 000	29 367 000
Equitable Share(Councilor's Remuneration)	1 023 000	1 080 000	1 143 000
Capital Grants			
INEP	4 500 000	0	660 000
INEP (Eskom)			
MIG	10 510 000	12 779 000	13 482 000
NDPG	4 000 000	3 000 000	1 000 000
Allocations in-kind			
NDPG	1 000 000	500 000	446 000
TOTAL	48 093 000	48 009 000	48 748 000
Provisional Grants			
Operating Grants			
Municipal Clinics			
Community Libraries	101 000	106 000	111 000
Museum	362 000	390 000	422 000
Provincialisation of Libraries	852 000	894 000	1878000
Capital Grants			



Community Residential Programme	Unity	20 000 000	20 000 000	20 000 000
TOTAL		21 315 000	21 390 000	22 411 000

	2011/2012	2012/2013	2013/2014
TOTAL CAPITAL GRANTS	39 010 000	35 779 000	35 142 000
TOTAL OPERATING GRANTS	29 398 000	32 320 000	35 571 000
TOTAL GRANTS IN – KIND	1 000 000	500 000	446 000
TOTAL GRANTS TO BE RECEIVED	69 408 000	68 599 000	71 159 000

Purpose of conditional grants allocated

Finance Management grant (FMG) :

Is used to promote and support reforms in the financial management by building capacity in the municipalities to implement the Municipal Finance management Act (MFMA).

Municipal Systems Management Grant (MSIG):

Is used to assist municipalities in building in-house capacity to perform their functions and stabilized institution and government systems as required in the Municipal systems act, 2000 and related legislations.

Municipal Infrastructure Grant

The grant is used to provide for the new rehabilitation and upgrading of municipal infrastructure e.g. Roads.

National Electrification Programme grant (INEP)

The grant is used for the installation of bulk infrastructure, rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

Neighbourhood Development partnership Grant (NDPG)



It is used to support neighbourhood development projects that provide the community infrastructure and create a platform for other public and private sector development towards improving the quality of life of the residents in the targeted underprivileged neighbourhoods .

Museum Subsidy

The purpose of this subsidy is to assist the municipalities in rendering this service.

Community Residential Unity Programme

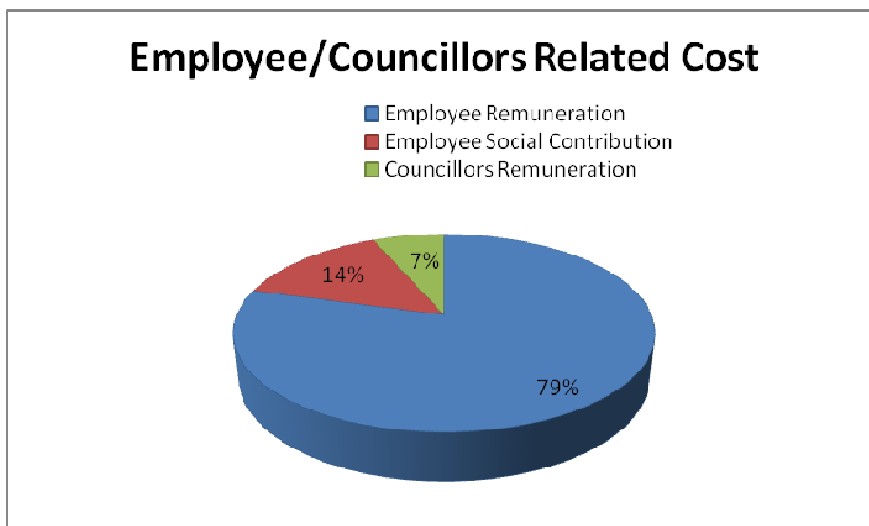
To facilitate the provision of secure, stable rental tenure for the lowest income who are not able to be accommodated in a formal private rental and social housing market.



COUNCIL OR BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

The percentage of employee related costs against the total expenditure budget is 24.24%. In 2010/2011 the percentage was 26% which was below the 35% norm level percentage. The Municipality is striving to ensure that the salaries percentages is always below the benchmark of 35% , This is done to ensure the goal for the municipalities to deliver service to the community but also at the same time to ensure that ,there are no under / over employing of employees.

EMPLOYEE RELATED COST



The proposed increase of 7% is based on CPI plus 2%, 6,08%, and an increase due to the filling of vacant positions. It is estimated that councillors remuneration will increase by 6%.

Summary of Employee and Councillor remuneration R thousand	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
	A	B	C	D	E	G	H	I
Councillors (Political Office Bearers plus Other)								
Salary	2,136	2,340	2,545	2,536	2,693	2,853	3,024	3,206
Pension Contributions	298	333	287	390	270	286	303	322



Medical Aid Contributions	9	10	10	13	6	6	7	7
Motor vehicle allowance	715	766	689	842	690	731	775	822
Cell phone allowance	141	158	139	170	139	147	156	165
Other benefits or allowances	–	14		13	–	–	–	–
Sub Total - Councillors	3,299	3,621	3,670	3,964	3,797	4,024	4,266	4,522
% increase		9.8%	1.4%	8.0%	(4.2%)	6.0%	6.0%	6.0%
<u>Senior Managers of the Municipality</u>								
Salary	1,541	1,623	1,867	2,025	2,025	2,167	2,351	2,551
Pension Contributions		15	17	–	–	–	–	–
Medical Aid Contributions	1	1	–	–	–	–	–	–
Motor vehicle allowance	322	279	320	347	347	371	402	436
Performance Bonus	–	–	–	256	256	273	297	322
Sub Total - Senior Managers of Municipality	1,864	1,918	2,204	2,628	2,628	2,811	3,050	3,309
% increase		2.9%	14.9%	19.3%	–	7%	8.5%	8.5%
<u>Other Municipal Staff</u>								
Basic Salaries and Wages	22,594	23,108	28,828	31,158	33,058	35,372	38,379	41,641
Pension Contributions	2,092	2,209	6,080	6,640	4,980	5,329	5,782	6,273
Medical Aid Contributions			–		2,466	2,639	2,863	3,106
Motor vehicle allowance	1,399	1,580	748	811	811	868	942	1,022
Housing allowance	433	475	255	1,127	1,127	1,206	1,308	1,420
Overtime	1,352	1,270	1,115	1,524	1,524	1,631	1,769	1,920
Performance Bonus	2,620	2,497	–	3,098	2,841	3,040	3,298	3,579
Other benefits or allowances	5,519	3,956	1,365	272	3,671	3,926	4,262	4,624
Sub Total - Other Municipal Staff	36,009	35,095	38,391	44,630	50,478	54,012	58,603	63,585
% increase		(2.5%)	9.4%	16.3%	13.1%	7%	8.5%	8.5%
Total Parent Municipality	41,172	40,634	44,265	51,223	56,904	60,847	65,919	71,416
TOTAL SALARY, ALLOWANCES & BENEFITS	41,172	40,634	44,265	51,223	56,904	60,847	66,919	71,416
% increase		(1.3%)	8.9%	15.7%	11.1%	7%	8.3%	8.3%
TOTAL MANAGERS AND STAFF	37,873	37,013	40,595	47,258	53,106	56,823	61,653	66,894



Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.			2.	3.
<u>Councillors</u>						
Speaker	306,361	64,271	142,573			513,205
Chief Whip	-	-	-			-
Executive Mayor	402,864	60,430	173,461			636,754
Deputy Executive Mayor	322,289	48,343	142,573			513,205
Executive Committee	166,180	24,927	75,571			266,678
Total for all other councillors	1,287,431	194,018	612,831			2,094,280
Total Councillors	2,485,125	391,989	1,147,009			4,024,123



KZN234 Umtshezi - Supporting Table SA25 Budgeted monthly revenue and expenditure

R thousand	Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework			
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	
	Revenue By Source																	
	Property rates		2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	33,463	36,140	39,031
	Property rates - penalties & collection charges		482	482	482	482	482	482	482	482	482	482	482	482	482	5,732	5,789	5,847
	Service charges - electricity revenue		12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	155,741	191,562	235,621
	Service charges - water revenue																	
	Service charges - sanitation revenue																	
	Service charges - refuse revenue		461	461	461	461	461	461	461	461	461	461	461	461	461	5,535	5,867	6,219
	Service charges - other																	
	Rental of facilities and equipment		65	65	65	65	65	65	65	65	65	65	65	65	467	490	515	
	Interest earned - external investments																	
	Interest earned - outstanding debtors		21	21	21	21	21	21	21	21	21	21	21	21	249	261	275	
	Dividends received																	
	Fines		25	25	25	25	25	25	25	25	25	25	25	25		299	305	311
	Licences and permits		382	382	382	382	382	382	382	382	382	382	382	382	4,589	4,818	5,059	
	Agency services																	
	Transfers recognised - operational		2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	29,398	32,320	35,571	
	Other revenue		60	60	60	60	60	60	60	60	60	60	60	60	1,031	1,082	1,136	
	Gains on disposal of PPE																	(0)
	Total Revenue (excluding capital transfers and contributions)		19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	236,504	278,636	329,586
	Expenditure By Type																	
	Employee related costs		4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	56,823	61,663	66,894
	Remuneration of councillors		335	335	335	335	335	335	335	335	335	335	335	335	335	4,024	4,266	4,522
	Debt impairment		833	833	833	833	833	833	833	833	833	833	833	833	833	10,000	10,000	10,000
	Depreciation & asset impairment		2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	31,686	31,686	31,686	
	Finance charges		88	88	88	88	88	88	88	88	88	88	88	88	1,050	1,071	1,092	
	Bulk purchases		10,162	10,162	10,162	10,162	10,162	10,162	10,162	10,162	10,162	10,162	10,162	10,162	121,948	149,996	184,495	
	Other materials																	
	Contracted services		265	265	265	265	265	265	265	265	265	265	265	265	3,180	3,338	3,504	
	Transfers and grants																	
	Other expenditure		2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	24,643	25,875	27,168	
	Loss on disposal of PPE																	
	Total Expenditure		21,194	21,194	21,194	21,194	21,194	21,194	21,194	21,194	21,194	21,194	21,194	21,194	21,194	253,354	287,885	329,362
	Surplus/(Deficit)		(1,366)	(1,366)	(1,366)	(1,366)	(1,366)	(1,366)	(1,366)	(1,366)	(1,366)	(1,366)	(1,366)	(1,366)	(1,366)	(16,850)	(9,249)	224
	Transfers recognised - capital		3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	39,010	35,779	35,142
	Contributions recognised - capital																	
	Contributed assets																	
	Surplus/(Deficit) after capital transfers & contributions		1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	22,160	26,530	35,366
	Taxation																	
	Attributable to minorities																	
	Share of surplus/ (deficit) of associate																	
	Surplus/(Deficit)	1	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	22,160	26,530	35,366

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

KZN234 Umsheszi - Supporting Table SA30 Budgeted monthly cash flow

R thousand	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Cash Receipts By Source	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	33,839	36,546	39,469
Property rates	482	482	482	482	482	482	482	482	482	482	482	482	5,786	5,843	5,902
Property rates - penalties & collection charges	12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	12,978	155,741	191,562	235,621
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	461	461	461	461	461	461	461	461	461	461	461	461	5,535	5,867	6,219
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	65	65	65	65	65	65	65	65	65	65	65	65	778	817	858
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	21	21	21	21	21	21	21	21	21	21	21	21	249	261	274
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	25	25	25	25	25	25	25	25	25	25	25	25	299	305	311
Licences and permits	382	382	382	382	382	382	382	382	382	382	382	382	4,589	4,818	5,059
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	2,533	30,398	32,320	35,571
Other revenue	60	60	60	60	60	60	60	60	60	60	60	60	721	9,607	794
Cash Receipts by Source	19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	19,828	237,935	287,946	330,078
Other Cash Flows by Source															
Transfer receipts - capital	3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	3,251	39,010	35,779	35,142
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	23,079	23,079	23,079	23,079	23,079	23,079	23,079	23,079	23,079	23,079	23,079	23,079	276,945	323,725	365,220
Cash Payments by Type															
Employee related costs	4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	4,802	57,620	62,518	67,832
Remuneration of councillors	335	335	335	335	335	335	335	335	335	335	335	335	4,024	4,265	4,521
Collection costs	258	258	258	258	258	258	258	258	258	258	258	258	3,100	3,255	3,418
Interest paid	88	88	88	88	88	88	88	88	88	88	88	88	1,050	1,071	1,092
Bulk purchases - Electricity	10,162	10,162	10,162	10,162	10,162	10,162	10,162	10,162	10,162	10,162	10,162	10,162	121,948	149,996	184,495
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	265	265	265	265	265	265	265	265	265	265	265	265	3,180	3,338	3,504
Grants and subsidies paid - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General expenses	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	24,818	26,058	27,361
Cash Payments by Type	17,978	17,978	17,978	17,978	17,978	17,978	17,978	17,978	17,978	17,978	17,978	17,978	215,740	250,501	292,223
Other Cash Flows/Payments by Type															
Capital assets	3,946	3,946	3,946	3,946	3,946	3,946	3,946	3,946	3,946	3,946	3,946	3,946	47,362	65,046	51,469
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	21,924	21,924	21,924	21,924	21,924	21,924	21,924	21,924	21,924	21,924	21,924	21,924	273,438	315,547	351,694
NET INCREASE/DECREASE IN CASH HELD	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	3,507	8,178	13,526
Cash/cash equivalents at the month/year begin:	1,154	2,309	3,463	4,618	5,772	6,927	8,081	9,235	10,390	11,544	12,699	13,853	-	3,507	11,685
Cash/cash equivalents at the month/year end:	1,154	2,309	3,463	4,618	5,772	6,927	8,081	9,235	10,390	11,544	12,699	13,853	3,507	11,685	25,211

KZN234 Umitshezi - Supporting Table SA33 Contracts having future budgetary implications

R thousand	Description	Ref	Preceding Years		Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		Forecast 2014/15		Forecast 2015/16		Forecast 2016/17		Forecast 2017/18		Forecast 2018/19		Forecast 2019/20		Forecast 2020/21		Total Contract Value		
			Total	Original Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	Parent Municipality:																								
	Revenue Obligation By Contract	2																							
	Community Residential Units		24,255	7,500	20,000	20,000	20,000	20,000	21,000	22,060	23,153	24,310	25,526	26,802	28,142	262,737									
	Contract 2																								
	Contract 3 etc																								
	Total Operating Revenue Implication		24,255	7,500	20,000	20,000	20,000	20,000	21,000	22,060	23,153	24,310	25,526	26,802	28,142	262,737									
	Expenditure Obligation By Contract	2																							
	Contract 1																								
	Contract 2																								
	Contract 3 etc																								
	Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Capital Expenditure Obligation By Contract	2																							
	Community Residential Units		24,255	7,500	20,000	20,000	20,000	20,000	21,000	22,060	23,153	24,310	25,526	26,802	28,142	262,737									
	Contract 2																								
	Contract 3 etc																								
	Total Capital Expenditure Implication		24,255	7,500	20,000	20,000	20,000	20,000	21,000	22,060	23,153	24,310	25,526	26,802	28,142	262,737									
	Total Parent Expenditure Implication		24,255	7,500	20,000	20,000	20,000	20,000	21,000	22,060	23,153	24,310	25,526	26,802	28,142	262,737									
	Entities:																								
	Revenue Obligation By Contract	2																							
	Contract 1																								
	Contract 2																								
	Contract 3 etc																								
	Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Expenditure Obligation By Contract	2																							
	Contract 1																								
	Contract 2																								
	Contract 3 etc																								
	Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Capital Expenditure Obligation By Contract	2																							
	Contract 1																								
	Contract 2																								
	Contract 3 etc																								
	Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

References

- Total Implication for all preceding years to be summed and total stated in 'Preceding Years' column
- List all contracts with future financial obligations beyond the three years covered by the MTRF (MFMA s33)

CAPITAL EXPENDITURE

Capital expenditure plays a very important role to the Municipality as it increases service delivery to the community through infrastructure.

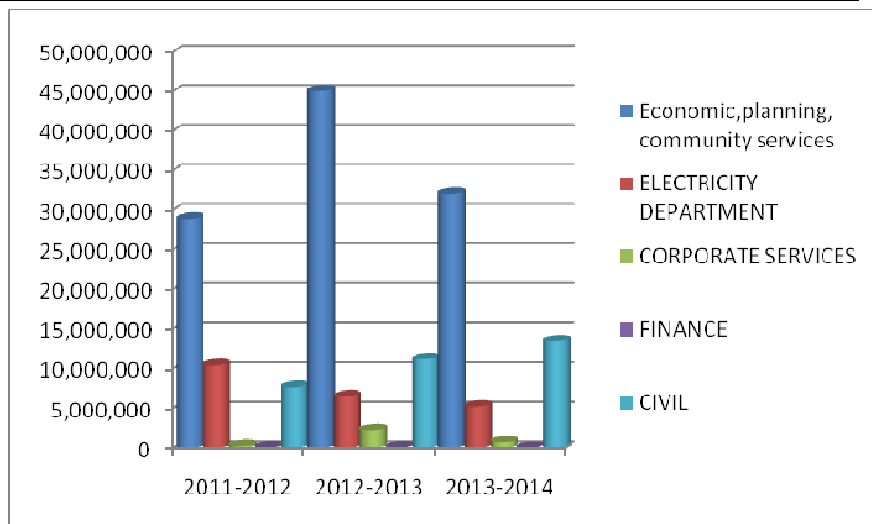
The Municipality will create a programme which will create jobs in the rural communities by employing rural communities where the roads are being rehabilitated.

The total Capital expenditure is estimated to be **R 47 352 175**, and it is apportioned amongst the six Departments.

The Expenditure per Department is as follows:

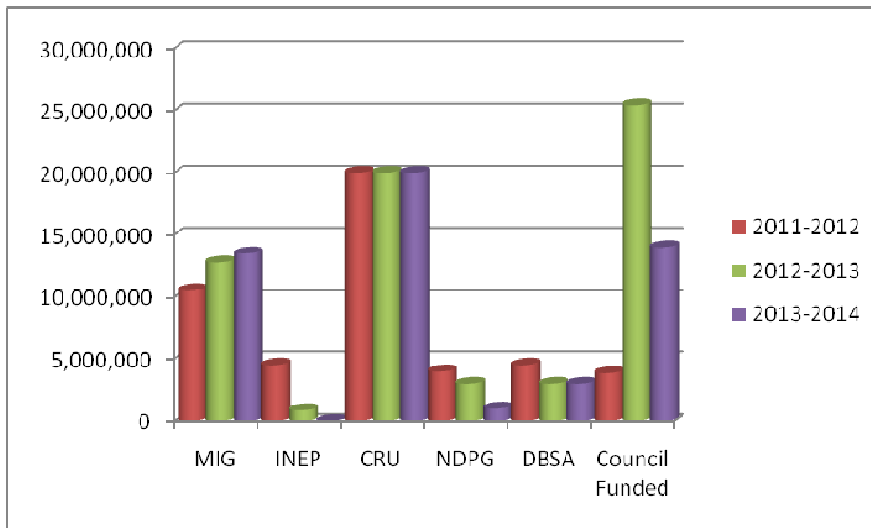
Corporate Services	R 242 500
Finance	R 50 000
Civil	R 7 679 000
PECS	R 28 954 675
Electricity	R 10 426 000

CAPITAL ESTIMATES FOR 2011/2012 – 2012/2013 – 2013/2014



The capital expenditure will be funded as follows:

MIG	R 10 510 000
NDPG	R 4 000 000
INEP	R 4 500 000
CRU	R 20 000 000
DBSA	R 4 500 000
Council funding	R 3 842 175



➤ **Repairs and Maintenance**

Some of the funds have been utilised to repair and maintain the assets of the municipality.



Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Repairs and maintenance expenditure by Asset Class/Sub-class								
-								
Infrastructure	3,512	4,620	5,681	3,362	4,060	5,575	5,854	6,147
Infrastructure - Road transport	801	237	3,573	1,084	2,212	2,515	2,641	2,773
<i>Roads, Pavements & Bridges</i>	801	237	3,573	1,084	2,212	2,515	2,641	2,773
Infrastructure - Electricity	2,711	4,383	2,108	754	1,679	3,060	3,213	3,374
<i>Generation</i>								
<i>Transmission & Reticulation</i>	2,711	4,383	2,108	754	1,679	3,060	3,213	3,374
Infrastructure - Other	-	-	-	1,524	169	-	-	-
<i>Waste Management</i>				203	169	-	-	-
<i>Other</i>				1,322	-			
Community	185	355	876	807	330	675	709	744
Parks & gardens	-	237	336			296	311	326
Sportsfields & stadia	62	118	112			45	47	50
Swimming pools			54			32	34	35
Community halls			-				-	-
Libraries			-			5	5	6
Recreational facilities							-	-
Fire, safety & emergency				2	3	35	37	39
Security and policing						203	213	224
Buses							-	-
Clinics				1	-	-	-	-
Museums & Art Galleries				6	11	7	7	8
Cemeteries						52	55	57
Other	123		374	797	316	-	-	-
Other assets	2,464	948	664	7	87	350	368	386
General vehicles	616					100	105	110
Specialised vehicles							-	-
Plant & equipment							-	-
Computers - hardware/equipment							-	-
Furniture and other office equipment							-	-



	1,479	533	189	2	53	100	105	110
Abattoirs							-	-
Markets	370	415			-	-	-	-
Civic Land and Buildings				5	34	300	383	406
Other Buildings							-	-
Other Land							-	-
Surplus Assets - (Investment or Inventory)							-	-
Other			476				-	-
Total Repairs and Maintenance Expenditure	6,161	5,923	7,221	4,177	4,476	6,750	7,155	7,584

➤ Capital projects

Kwezi hostel is one of our ongoing projects whereby funds have been allocated. The funds were removed from the previous financial years and allocated to the following years which is why the project is an ongoing project. The design has been completed, therefore, it will continue in the next financial year.

- The Parking Lot has commenced but we are facing challenges with the funding of the project. It was not clear if it should be funded internally or externally. It is resolved that the project will be done internally. The completion of the project is expected in the 2011/2012 financial year.

Conclusion

The expenditure on the assets on the assets and project of the municipality will assist in achieving our vision and mission.



DETAILED DRAFT CAPITAL BUDGET 2011-2012
UMTSHEZI MUNICIPALITY

	FUNDING	2011-2012	2012-2013	2013-2014
DEPARTMENT		R	R	R
Economic, planning, community services				
REFUSE SERVICES				
WEMBEZI				
Rear-end compactor with winch			850000	
Tractors x1			150000	150000
Trailers x1			100000	
Shelters for tractors - Ehlathini workshop area			100000	0
		0	1200000	150000
WEENEN				
Tractor			0	0
Trailer			0	0
ESTCOURT / WEMBEZI				
Skip loader (replace NE 9810)			2000000	
TLB			600000	
Tipper truck			400000	
Rear-end compactor with winch x2			2000000	
Borehole	CNL	50000	2000000	
Water pump	CNL	10000	10000	
Fencing - Landfill site	MIG	2831000	2500000	
Trenches	CNL			0
Installation - Electricity landfill site			50000	
weigh bridge office		50000		
weigh bridge		0	400000	
Tools	CNL	10000	10000	
Heavy duty grease gun(replacement)	CNL	2000	2000	
High pressure washer(replacement)	CNL		2000	
TOTAL		2,953,000	9974000	0
Parks & Verges				
WEMBEZI				
Tractor x1	CNL		275,000	250,000
Slashers (tractor) x2	CNL	40,000	44,000	0
Kubota Tractor x1	CNL	200,000	220,000	0
brushcutters x6	CNL	45,000	50,000	
Chainsaws x1	CNL	8,000	9,000	
Children's playground - C & VQ Section	CNL		0	60000
Combi- court - resurfacing	CNL		40,000	
Slasher with box x1	CNL		110000	0
TOTAL		293,000	748,000	310,000
ESTCOURT				
Tractor x3	CNL	250,000	500,000	200,000
Parks office and workshop extension			100,000	
Workshop tools	CNL	10,000	10,000	
Slashers x2	CNL	40,000	40,000	
Kubota Tractor			200,000	200,000
Gyromower roller x1	CNL	25,000	25,000	
Gyromower box x1				
Chainsaw	CNL	8,000		
Playground equipment (upgrade and new equipment)				
Brushcutters	CNL	70,000		
HOSTEL	CRU	20,000,000	20,000,000	20,000,000
NDPG grant	NDPG	4,000,000	3000000	1000000
Marking machine	CNL	0		
TOTAL		24,403,000	23,875,000	21,400,000

WEENEN

Tractor	CNL		250000	
Slasher	CNL	20,000		
Brushcutters	CNL	45,000		
Gyromower	CNL	50,000		
Renovation of building -(painting toilets,roof,doors.gates)				
Sports field development (kwanobamba)	CNL			250000
TOTAL		115,000	250,000	250,000

Parks & Recreation**Parks admin****Estcourt**

Computer	CNL	5,000	20,000	
Digital camera	CNL		2,000	
Health and safety equipment(Building control off	CNL	6000		
Office furniture and Equipment(building controll	CNL	15,000		
Kubota tractor	CNL	0	100,000	
Roller mowers 1.2m	CNL	0	100,000	
Playground equipment	CNL	0		80,200
TOTAL		26,000	222,000	80,200

WEMBEZI

Slashers(tractor) x2	CNL	0	275,000	0
Kubota tractor	CNL		220000	0
Trailer for tractor	CNL	0	0	50,000
Chainsaw	CNL	0	9,000	0
Children's playground C and VQ Sections	CNL	0	0	60,000
TOTAL		0	504,000	110,000

Weenen

1x Slasher	CNL		400000	
1x Park (Kwanobamba)	CNL		275000	
Gyromower	CNL	0	0	55,000
TOTAL		0	675000	55000

FIRE

Major fire tender(terminator tanker pumper)	CNL	500,000	2,500,000	
Torches x5	CNL	5,000		
Life Hammer x1	CNL	1,000		
Fire extinguishers x5	CNL	1,975		
Foam Drums x20	CNL	50,000		
Soccer table x1	CNL			15000
TV set with DVD for Lectures	CNL	0		
Tools	CNL	20,000	30,000	
Akron branch uniforms	CNL	8,000		8,000
Breathing appaatus x5	CNL	15,000	30,000	10,000
Gas Detector 1x	CNL	12,000	0	40,000
Flood light x1	CNL	5,000		
Fire Hoses	CNL	10,000	50,000	
Measuring wheel	CNL	700		
Laptop	CNL	0		
Hydrant pressure test	CNL	220,000		
Digital camera with Flash	CNL	2,000		
Compure and Software	CNL	7,000	0	20,000
TOTAL		857,675	2,610,000	93,000

CLINICS

Extension New Clinic	CNL			
Furniture & Equipment	CNL	5,000		5000
Airconditioner x2	CNL	20,000		
TOTAL		25,000	0	5,000

LOCAL ECONOMIC DEVELOPMENT

LED - Canning factory & market	CNL		900,000	1,000,000
Tourism plan	CNL	20,000	450,000	

<u>TOTAL</u>		20,000	1,350,000	1,000,000
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SPORTS FEILDS**WEMBEZI**

Ground marking machine x1	CNL	17,000	18,700	
Concrete fencing- C section soccer field	CNL		250,000	
Regrassing of feild and drainage - C Section	CNL	0		0
Soccer nets	CNL	5,000		

<u>TOTAL</u>		22,000	268,700	0
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Forderville

Upgrade field and fencing

<u>TOTAL</u>		0	0	0
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ESTCOURT

Lambert park - improvements facilities		0	500000	
Zamphumpu hostel(drainag-sports feild) - after hostel complete			110000	40000
Sports Equioment (soccer and netball poles)		10,000	143000	130000
Cricket Screen	CNL	5,000		

<u>TOTAL</u>		15,000	753,000	170,000
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Aerodrome

Runaway tarring			660,000	600,000
Palisade fencing			660,000	600,000

<u>TOTAL</u>		0	1,320,000	1,200,000
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CEMETERIES**WEENEN**

New cemetry- Kwanobamba (land)	CNL		500,000	
New cemetry- EIA assessment	CNL		100,000	

<u>TOTAL</u>			600,000	0
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Wembezi

Establishment of cementary	CNL		100,000	
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<u>TOTAL</u>			100,000	0
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clinics**clinics**

park homes	CNL		20000	
construction of water proof covering as waiting ar	CNL		60000	
additional male and female toilet block	CNL		300000	
medical equipment Glucometer and Haemoglobi	CNL		6000	
Tv and DVD for waiting room	CNL		6000	
Oil heater	CNL		600	
fridge	CNL		3000	

Estcourt

Development of new cemetry	CNL	0		126,400
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<u>TOTAL</u>		0	395,600	126,400
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SWIMMING POOLS**ESTCOURT**

Bert tucker swimming pool painting		0	50000
Bert tucker swimming pool filtration plant repairs	CNL	100,000	50,000
Hilldene swimming pool fence replacement (Pha)	CNL	120,000	0
bert tucker swimming pool resurfacing			90,000
hilldene swimming pool painting			50,000
Hilldene swimming pool filtration plant repairs			0
TOTAL		220,000	190,000

ESTCOURT

New cementary - EAI assessment	CNL		
Hostel Redevelopment / CRU Programme			
TOTAL		0	0

WEMBEZI

Interchange / LED Project	NDPG		12400	7,000,000
TOTAL		0	12,400	7,000,000
Hilldene swimming pool	CNL			
Parking lot- Estcourt	CNL			

TOTAL PLANNING, ECONOMIC AND COMMUNITY SERVICES	28,949,675	45,047,700	32,079,600
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ELECTRICITY DEPARTMENT

Replace transformer cables and switch	DBSA	0	500000	300000
Sub 57 upgrade part 1 switchgear protection	DBSA	4,500,000	3000000	3000000
Replace circuit breakers	CNL	363,000	330000	330000
Street lights Wembezi A+C Rensburg drift & Mas	CNL	0	363000	363000
Protection upgrade for substation	CNL	363,000	363000	363000
Scada system	CNL	200,000	500000	500000
Electrification projects	INEP	4,500,000	851000	0
Fault locator	CNL	350,000	0	0
Undertake street light improvement	CNL	50,000	100000	50000
Tools and equipment	CNL	100,000	200000	0
Western side	Province		300000	300000
TOTAL		10,426,000	6,507,000	5,206,000

TOTAL ELECTRICITY SERVICES	10,426,000	6,507,000	5,206,000
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MUNICIPAL MANAGER

Blinds	CNL	1,000		
Chairs	CNL	1,500		
Furniture and Equipment	CNL	0	5,000	10,000
Filling carbnets	CNL	0		
TOTAL		2,500	5,000	10,000

TOTAL MUNICIPAL MANAGER	2,500	5,000	10,000
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CORPORATE SERVICES**ADMIN**

Replacement of airconditioners- MM, MM PA,MA	CNL		100000	
Laptop				
paint main building			200000	
Furniture - Foyer		5000		
TOTAL		5000	300000	

MUNICIPAL BUILDINGS

Paint Municipal Building Offices			200000	
Recarpet Main Buildings	CNL	0		300000
TOTAL		0	200000	300000

TOWN LIBRARY

Air conditioner	CNL	30000	50,000	
Study tables and chairs	CNL	15000	10,000	
Computers x7 and 2 printers	CNL	40000		10,000
TOTAL		85000	60000	10000

COUNCIL

Council tables & chairs	CNL	80000		
cladding	CNL			
Crockery & cutlery & table cloth		10000		
TOTAL		90000		

TOWN HALL OFFICES

Computer & Printer - Senior Caretaker	CNL		15000	
hall chairs			80000	
Refurbish Town Hall	CNL		0	
TOTAL		0	95000	

COLITA HALL

Security fencing(concrete)	CNL		170000	
Repainting	CNL	0	20,000	
Upgrade parking area	CNL	0		30,000
Install fans	CNL	0		5000
TOTAL		0	190000	35000

FORDERVILLE HALL

Refurbish Hall	CNL	0	100,000	0
Hall chairs	CNL	0	10,000	80000
Curtaining	CNL		50,000	
Upgrade parking area	CNL	0	50,000	
Upgrade kitchen	CNL	0	30,000	
Upgrade outdoor cooking	CNL	0	0	50,000
Install fans	CNL	0	0	5,000
TOTAL		0	240000	135000

FORDERVILLE LIBRARY

Air conditioner	CNL	0	30,000	0
Chair x 24	CNL	0	5,000	0
Music center	CNL	0	1,000	0
TOTAL		0	36000	0

PAAPKUILSFONTEIN HALL

Burglar Guards (windows)	CNL	10000	0	20,000
Fans	CNL	5000	1,000	
Increase toilet facilities	CNL	0	20,000	
Install kitchen	CNL	0	0	
Install security fencing & gates	CNL	0	0	30,000
TOTAL		15000	21000	50,000

FORT DURNFORD MUSEUM

Re-tatching of huts	CNL	0	50,000	0
Office desks & chairs	CNL	0	3,000	0
office carpernt & curtains	CNL	0	3,000	0
Air conditioner	CNL	0	5,000	0
Microwave	CNL	0	1,000	0
New signage	CNL	0	0	2,000
TOTAL		0	62,000	2000

PROTECTION SERVICES

Robot -(Gerry's Motors)	CNL	0	200,000	
Refurbish traffic offices	CNL		200000	
TOTAL		0	400000	0

WEMBEZI**WEMBEZI LIBRARY**

Polisher	CNL	0	3000	
Security Lights	CNL		5000	5000
Tables& chairs	CNL		2000	0
Counter Chairs x 4	CNL	0	2000	0
Painting	CNL	0	30,000	0
Fitted office cuboards	CNL	0	0	10,000
TOTAL		0	42000	15000

WEMBEZI COMMUNITY HALL

Refurbish Hall roof	CNL	10000	77,200	
Curtaining	CNL	10000	10,000	
Upgrade kitchen	CNL		0	20,000
Install fans	CNL			5000
Chairs	CNL	0	20,000	0
TOTAL		20000	107,200	25000

WEMBEZI COMMUNITY HALL-C SECTION

Burglar guards(windows)	CNL	0	0	20,000
Tar parking			100000	
TOTAL		0	100000	20,000

MIMOSADALE COMMUNITY HALL

Burglar guards (windows)	CNL	10000	0	20,000
Tar parking	CNL		100000	
Tables	CNL	0	0	5000
Install fans	CNL	0	0	10000
Upgrade parking area	CNL	0	0	10000
TOTAL		10000	100000	45,000

CORNFIELDS COMMUNITY HALL

Burglar guards (windows)	CNL	10000	0	20000
Tar parking	CNL	0	100000	
Table	CNL	0	10000	0
Install ceiling fans	CNL	0	0	5000
TOTAL		10000	110000	25000

KWANOBAMBA COMMUNITY

Burglar guards (windows)	CNL	10000	50000	20000
Tar parking	CNL	0	100000	
Tables	CNL	0	20000	0
Install ceiling fans	CNL	0	0	5000
TOTAL		10000	170000	25000

WEENEN COMMUNITY HALL

Hall (Major repairs)	CNL		0	0
TOTAL		0		

Estcourt MUSEUM

Re- thatching of huts		0		
TOTAL		0		

WEENEN MUSEUM

Painting & repairs	CNL		0	0
Repair Ox wagon	CNL	0		
New signage	CNL	0	2000	2000
Visitors chairs	CNL	0	0	2000
TOTAL		0	2000	4000

WEENEN LIBRARY

Repair floor	CNL		0	0
Computer & printer	CNL		0	0
General library furniture	CNL		15000	0
TOTAL		0	15000	0

TOTAL CORPORATE SERVICES

245,000	2,250,200	691,000
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FINANCE

FURNITURE AND OFFICE EQUIPMENT	CNL		7000	0
Software	CNL	20,000	50,000	0
Computers x 5	CNL	30,000	100	0
TOTAL		50,000	57100	0

TOTAL FINANCE

50,000	57,100	0
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CIVIL

Roller	CNL		450000	
Roller Trailer	CNL		300000	
Truck 6m3	CNL			
Concrete /Asphalt roller	CNL	0		
1000 Diesel trailer with pump & meter	CNL	0		
Tar Road - slurry to existing road	CNL			
New tarred road 1 km - estcourt	CNL			
Gravel road - neqw road 50km - including low wa	CNL			
EPWP PROGRAMME	CNL		150000	
Grader	DBSA			
TLB	DBSA			
Tipper Trucks	DBSA			
Roller Trailers	DBSA			
MIG project	MIG	7,679,000	10279000	13482000
		7,679,000	11,179,000	13,482,000

TOTAL CIVIL

7,679,000	11,179,000	13,482,000
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TOTAL

47,352,175	65,046,000	51,468,600
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FUNDING

MIG	10,510,000	12,779,000	13,482,000
INEP	4,500,000	851,000	0
CRU	20,000,000	20,000,000	20,000,000
NDPG	4,000,000	3,000,000	1,000,000
DBSA	4,500,000	3,000,000	3,000,000
Council Funded	3,842,175	25,416,000	13,986,600
	47,352,175	65,046,000	51,468,600

LEGISLATION COMPLIANCE STATUS

The Municipality has complied with all the legislative requirements expected of a Medium capacity municipality, but have had many challenges.

1. Municipal Finance Management Act

There have been some challenges regarding the full compliance of all sections of the MFMA. Some of these included reporting of information within the timelines stipulated in the MFMA. The main reason for this was the constraints of the financial system that is used by the Municipality and capacity constraints. Other important areas and their status is as follows:

- Budget - The budget was compiled in accordance with the Chapter 4 of the MFMA and the municipal budget and reporting regulations.
- Annual Report – The annual report was compiled in accordance with Section 121 of the MFMA and the guidelines issued by National Treasury. This was submitted for audit and approved by Full Council in January 2011.
- Audit Report – The annual financial statements were issued timeously to the Auditor General and the Municipality received an unqualified audit opinion for the third consecutive year.
- Audit Committee – The Municipality has an active audit committee that has assisted the Municipality greatly and has added value.
- In-Year Reporting – In year reports were submitted to the mayor, accounting officer, full council and treasury. The timing, sometimes, did not follow the timelines stated in the MFMA due to the constraints of the financial system.
- Service Delivery and Implementation Plan – This was produced timeously according to requirements in the MFMA.

2. Municipal Property Rates Act (MPRA)

The implementation of the MPRA has been a huge challenge for the Municipality. Although the Municipality had met the implementation deadline for medium capacity municipalities, the implementation of the act and the valuation of properties was met with huge resistance from the community. The Municipality had engaged in extensive community awareness programmes, but the community was opposed to the new valuation of their properties. Through repeated meetings and communication with all stakeholders and the community, consumers paid the rates levied and the number of appeals were reduced to under fifty. The Municipal Property Valuers had assisted the Municipality greatly in trying to resolve many of the complaints from the communities.

3. Municipal Systems Act and Municipal Structures Act

These acts have been adhered to and there are no serious challenges.



4. Generally Recognised Accounting Practice (GRAP)

The Municipality had converted to a GRAP compliant set of annual financial statements from 01 July 2008 and made use of the transitional provisions available for the 2009/2010 financial year. Full Grap compliance is expected in the current financial year. Continuing training is required for staff on the Grap standards.



DETAILED BUDGET 2011/2012

Account No	Description	BUDGET YEAR 10/11	ADJUSTMENT	REVISED BUDGET	Draft 2011/2012 Budget
EXPENDITURE					
EMPLOYEE/COUNCI					
EMPLOYEE SALARI					
1010010	ANNUAL BONUS	3,097,036.00		3,097,036.00	3,313,829
1011010	HOUSING SUBSIDY	1,127,211.00		1,127,211.00	1,206,116
1013005	LEAVE PAY PROVISION		2,500,000.00	2,500,000.00	2,675,000
1014220	OTHER ALLOWANCE	23,119.00		23,119.00	24,737
1014510	PERFORMANCE BON	256,000.00		256,000.00	273,920
1015110	REDEMPTION OF L	250,828.00		250,828.00	268,386
1015410	SALARIES & WAGE	33,183,457.00	1,900,000.00	35,083,457.00	37,539,299
1015480	STANDBY & OVERT	1,524,326.00		1,524,326.00	1,631,029
1016310	VEHICLE ALLOWAN	1,157,919.00		1,157,919.00	1,238,973
	SUB-TOTAL EMPLO	40,619,896.00	4,400,000.00	45,019,896.00	48,171,289.00
EMPLOYEE SOCIAL					
1031810	GROUP LIFE INSU	193,613.00	38,000.00	231,613.00	247,826
1031910	INDUSTRIAL COUNCIL LEVY	21,550.00		21,550.00	23,059
1031920	INSURANCE UNEMP	388,207.00		388,207.00	415,381
1033610	MEDICAL AID SCH	1,785,885.00	680,000.00	2,465,885.00	2,638,497
1033910	PENSION FUNDS	4,249,742.00	730,000.00	4,979,742.00	5,328,324
	SUB-TOTAL SOCIA	6,638,997.00	1,448,000.00	8,086,997.00	8,653,087.00
REMUNERATION OF					
1050610	CELL PHONE ALLO	138,786.00		138,786.00	147,113
1053610	MEDICAL AID SCH	6,000.00		6,000.00	6,360
1053910	PENSION CONTRIB	270,000.00		270,000.00	286,200

DETAILED BUDGET 2011/2012

Account No	Description	BUDGET YEAR 10/11	ADJUSTMENT	REVISED BUDGET	Draft 2011/2012 Budget
1055410	SALARIES - MEMB	2,859,500.00	-167,000.00	2,692,500.00	2,854,050
1055710	TRAVEL ALLOWANC	690,000.00		690,000.00	731,400
	SUB- TOTAL COUN	3,964,286.00	-167,000.00	3,797,286.00	4,025,123.16
	TOTAL EMPLOYEE/	51,223,179.00	5,681,000.00	56,904,179.00	60,849,499.16

GENERAL EXPENDI

1090005	ADMINISTRATION				150,130
1090010	ADVERTISEMENTS	149,790.00	100,000.00	249,790.00	
1090015	AUDIT FEES (EXT	1,068,581.00	50,000.00	1,118,581.00	1,185,019
1090016	AUDIT FEES INTE	347,745.00	110,000.00	457,745.00	650,000
1090300	BANK CHARGES	132,107.00	250,000.00	382,107.00	350,000
1090305	BANK OVERDRAFT	70,000.00		70,000.00	73,500
	BUDGET ROADSHOWS		50,000.00	50,000.00	
1090335	BURSARIES - GRA	20,000.00		20,000.00	20,000
1090340	BURSARIES STAFF	40,000.00		40,000.00	40,000
1090600	CARTAGE	1,500.00		1,500.00	1,575
1090605	CHEMICALS	33,000.00	-10,000.00	23,000.00	25,000
	CLEANING MATERIAL	14,500.00		14,500.00	50,000
	COMMISSION - DEBT COLLECTION		7,000,000.00	7,000,000.00	2,500,000
	COMMISSION - PREPAID ELECTRICITY		500,000.00	500,000.00	600,000
1090615	COMMUNITY DEVEL	14,000.00		14,000.00	0
1090625	CONSULTANT FEES	1,004,340.00	582,000.00	1,586,340.00	1,500,000
1090640	CO-OPS SUPPORT			0.00	10,000
1091205	EMERGENCY RELIE			0.00	20,000
1091210	ENTERTAINMENT &	23,400.00	-2,000.00	21,400.00	10,000
1091225	EXCESS / PAYMEN	8,265.00		8,265.00	11,496
1091230	EXCESS / PAYMEN	78,360.00	-50,000.00	28,360.00	50,000

DETAILED BUDGET 2011/2012

Account No	Description	BUDGET YEAR 10/11	ADJUSTMENT	REVISED BUDGET	Draft 2011/2012 Budget
1091235	EXPENDITURE FIN	750,000.00		750,000.00	1,450,000
1091240	EXPENDITURE MUN			0.00	790,000
1091505	FUEL & OIL	841,920.00		841,920.00	950,000
1091525	FERTILIZER & CH	66,955.00	-40,000.00	26,955.00	30,000
1091540	FIELD WORKERS			0.00	
1091565	FOAM			0.00	30,000
1091850	GRANTS AND DONA	10,000.00	12,000.00	22,000.00	
1092310	HIV/AIDS PROGRA	10,000.00	-10,000.00	0.00	10,000
1092405	IDP PMS	20,000.00		20,000.00	20,000
1092410	INDIGENT BURIAL	70,000.00		70,000.00	250,000
1092415	INDIGENT EXPEND	210,000.00	50,000.00	260,000.00	159,000
1092420	INSURANCE GENER	463,122.00	-36,000.00	427,122.00	476,634
1092430	INSURANCE VEHIC			0.00	20,000
1092465	INVENTORY ITEMS	16,620.00	-7,000.00	9,620.00	20,000
1092805	KEEP UMTSHEZI C	587,000.00	500,000.00	1,087,000.00	500,000
1093305	LEGAL FEES	183,100.00		183,100.00	100,000
1093310	LEVIES/MEMBERSH	20,492.00		20,492.00	50,000
1093315	LEASE ON FIRE E	580,000.00		580,000.00	600,000
1093320	LICENSES	77,631.00		77,631.00	137,533
1093325	LIGENCE FEES RE	141,692.00		141,692.00	150,000
1093326	LIGENCE & ROADW	9,925.00		9,925.00	10,000
	NDPG FEASIBILITY	3,000,000.00	-3,000,000.00	0.00	
1094505	PEST CONTROL	2,348.00		2,348.00	10,000
1094510	POSTAL SERVICES	264,777.00	80,000.00	344,777.00	300,000
1094515	POUND ESTABLISHMENT			20,000.00	
1094520	PRINTING & STAT	367,352.00	160,000.00	527,352.00	450,000
1094535	PUBLICITY	20,300.00		20,300.00	
1094541	PUBLIC PARTICIP			0.00	50,000

DETAILED BUDGET 2011/2012

Account No	Description	BUDGET YEAR 10/11	ADJUSTMENT	REVISED BUDGET	Draft 2011/2012 Budget
1094550	PURCHASE OF REF	130,000.00		130,000.00	200,000
1095120	REFRESHMENTS	8,490.00		8,490.00	6,000
1095135	RENT/HIRE - OFF	120,200.00	200,000.00	320,200.00	360,000
1095140	RENT - PLANT & RENT - LIBRARY SYSTEM	260,811.00		260,811.00	94,000
1095405	SPORTS AND RECR	28,200.00		28,200.00	20,000
	SPORTS PROGRAMME DEVELOPMENT				20,000
	SPORT - KWANALOGA GAME	220,000.00	-47,000.00	173,000.00	73,000
1095410	SKILLS DEVELOPM	312,377.00	150,000.00	462,377.00	50,000
1095418	SOFTWARE MAINTE	733,915.00	-50,000.00	683,915.00	300,000
1095420	STATE HEALTH EX	121,496.00		121,496.00	300,000
1095445	SUBSISTENCE AND	324,508.00	35,000.00	359,508.00	200,000
1095450	SUNDRIES	166,330.00	-40,000.00	126,330.00	100,000
1095705	TELEPHONE	631,400.00	179,000.00	810,400.00	50,000
1095706	TRAINING(STAFF)	53,000.00		53,000.00	850,000
1095760	TOWN PLANNING SHARED SERVICES GRANT		419,000.00	419,000.00	86,678
1096005	UNIFORMS AND PR	154,372.00		154,372.00	200,000
1096010	UPDATING ASSET			3,500,000.00	
1096015	WARD COMMITTEES	1,280.00			20,000
1096110	VALUATION ROLL	157,000.00	100,000.00	257,000.00	150,000
	SUB-TOTAL GENER	14,142,201.00	7,235,000.00	24,895,921.00	16,889,565.00
	GENERAL EXPENSE				
1144515	PURCHASE OF ELE	98,242,000.00	-2,000,000.00	96,242,000.00	121,948,238
	SUB-TOTAL GENER	98,242,000.00	-2,000,000.00	96,242,000.00	121,948,238.20
	GENERAL EXPENSE				0.00
1160620	CLEANING SERVIC				0.00

DETAILED BUDGET 2011/2012

Account No	Description	BUDGET YEAR 10/11	ADJUSTMENT	REVISED BUDGET	Draft 2011/2012 Budget
1160680	CONTRACT SERVIC	23,845.00	-7,000.00	16,845.00	25,000
1165420	SECURITY (MONIT	1,775,955.00	1,100,000.00	2,875,955.00	3,155,000
	SUB-TOTAL GENER	1,799,800.00	1,093,000.00	2,892,800.00	3,180,000.00
	INTEREST EXPENS				
1242510	INTEREST DBSA (20,541.00		20,541.00	600,000
1242520	INTEREST DBSA (91,485.00		91,485.00	150,000
1242530	INTEREST WESBAN	250,000.00	150,000.00	400,000.00	300,000
	SUB-TOTAL INTER	362,026.00	150,000.00	512,026.00	1,050,000.00
	REPAIR AND MAIN				
1280340	BUILDINGS - R&M	93,500.00	-60,000.00	33,500.00	300,000
1280810	ELECTRICITY NET	1,570,189.00		1,570,189.00	3,000,000
1280910	FURNITURE & EQU	93,000.00	-40,000.00	53,000.00	100,000
1281010	GROUPS & FENCE	43,000.00	-19,000.00	24,000.00	100,000
1281210	INSTALLATIONS	46,260.00	-25,000.00	21,260.00	10,000
1281810	PLANT AND EQUIP	869,000.00	-450,000.00	419,000.00	250,000
1282010	RAILWAY LINES	75,000.00		75,000.00	120,000
1282080	ROADS DRAINS &	2,010,500.00		2,010,500.00	2,480,000
1282210	TRAFFIC SIGNS	105,000.00	-60,000.00	45,000.00	140,000
1282410	VEHICLES - R&M	294,900.00	-70,000.00	224,900.00	250,000
	TOTAL REPAIR AN	5,200,349.00	-724,000.00	4,476,349.00	6,750,000.00
	INTER-DEPARTMEN				
1300050	ADMINISTRATION				

DETAILED BUDGET 2011/2012

Account No	Description	BUDGET YEAR 10/11	ADJUSTMENT	REVISED BUDGET	Draft 2011/2012 Budget
1300550	DEPARTMENTAL: E	236,372.00	-236,372.00	0.00	0.00
1300980	DEPARTMENTAL: R	16,200.00	-16,200.00	0.00	0.00
1301050	DEPARTMENTAL: S	63,000.00	-63,000.00	0.00	0.00
1301550	DEPARTMENTAL: W	102,000.00	-102,000.00	0.00	1,000,000
	TOTAL INTER-DEP	417,572.00	-417,572.00	0.00	1,000,000.00
	DEPRECIATION				
1320960	DEPRECIATION ON	27,100,000.00	0.00	27,100,000.00	31,686,000
1322460	IMPAIRED LOSS O				
	TOTAL DEPRECIAT	27,100,000.00	0.00	27,100,000.00	31,686,000.00
	TRANSFERS TO AN				
1360600	CONTRIBUTIONS TO BAD DE	6,000,000.00	0.00	6,000,000.00	10,000,000
	TOTAL TO & FROM	6,000,000.00	0.00	6,000,000.00	10,000,000.00
	SUB-TOTAL EXPEN (GROSS)				
	LESS : AMOUNTS				
1401210	LESS : AMOUNTS CHARGED	-2,836,427.00	2,000,000.00	-836,427.00	0
1401290	LESS : AMOUNTS CHARGED	-110,628.00		-110,628.00	0
1401610	LESS : AMOUNTS CHARGED	-671,261.00		-671,261.00	0
	TOTAL AMOUNTS C	-3,618,316.00	2,000,000.00	-1,618,316.00	0.00
	TOTAL EXPENDITURE (NET)	200,868,811.00	13,017,428.00	217,404,959.00	253,353,302.36
	OPERATING INCOME				
	PROPERTY RATES	57,189,000.00	0.00	57,189,000.00	61,077,852

DETAILED BUDGET 2011/2012

Account No	Description	BUDGET YEAR 10/11	ADJUSTMENT	REVISED BUDGET	Draft 2011/2012 Budget
2031010	PROPERTY RATES -	57,189,000.00	0.00	57,189,000.00	61,077,852.00
	SUB-TOTAL PROPE -	57,189,000.00	0.00	57,189,000.00	61,077,852.00
	PEN. IMPOSED &				
2041010	PEN. IMPOSED &	5,357,000.00	0.00	5,357,000.00	5,731,990
	SUB-TOTAL PEN.	5,357,000.00	0.00	5,357,000.00	5,731,990.00
	SERVICE CHARGES				
2051510	REFUSE REMOVAL	5,222,000.00		5,222,000.00	5,535,320
2051610	SALE OF ELECTRI -	105,270,629.00	-19,500,000.00	85,770,629.00	105,497,874
2051620	SALE OF ELECTRI	2,975,349.00	10,623,000.00	13,598,349.00	16,725,969
2051630	SALE OF ELECTRI	792,019.00	600,000.00	1,392,019.00	1,712,183
2051640	SALE OF ELECTRI -	17,744,496.00	8,113,722.00	25,858,218.00	31,805,608
	SUB-TOTAL SERVI -1	132,004,493.00	-163,278.00	131,841,215.00	161,276,954.00
	OPERATING GRANT				
2121010	DEPARTMENT OF H	2,134,000.00		2,134,000.00	
2121110	EQUITABLE SHARE -	20,791,000.00		20,791,000.00	24,820,000
2121310	FINANCE MANAGEM	1,200,000.00		1,200,000.00	1,450,000
2121710	MUSEUM	194,000.00		194,000.00	362,000
2121720	NDPG - GRANT IN KIND	3,000,000.00	-3,000,000.00	0.00	
2122010	GRANT COUNCILLO	778,000.00		778,000.00	1,023,000
2122015	PROVINCIALISATION OF LIBRARIES			0.00	852,000
2122020	COMMUNITY LIBRARY SERVICES			0.00	101,000
2122030	GRANT: MSIG	750,000.00		750,000.00	790,000
2122040	GRANT INCOME FR	7,088,000.00	-7,088,000.00	0.00	
	SUB-TOTAL OPERA -	35,935,000.00	-10,088,000.00	25,847,000.00	29,398,000.00

DETAILED BUDGET 2011/2012

Account No	Description	BUDGET YEAR 10/11	ADJUSTMENT	REVISED BUDGET	Draft 2011/2012 Budget
CAPITAL GRANTS					
2140001	GRANT MIG FUNDS	8,739,000.00	0.00	8,739,000.00	10,510,000
	GRANT - FMG		350,000.00	350,000.00	
2141010	INEP - GRANT	660,000.00	0.00	660,000.00	4,500,000
2142010	NATIONAL GOVERN			0.00	
2143000	COMMUNITY RESIDENTIAL U	7,500,000.00	-7,500,000.00	0.00	20,000,000
2143015	NEIGHBOURHOOD DEVELOP	12,000,000.00	0.00	12,000,000.00	4,000,000
	SUB-TOTAL CAPIT	28,899,000.00	-7,150,000.00	21,749,000.00	39,010,000.00
FINES					
2170810	FINES - GENERAL	4,135.00	0.00	4,135.00	4,218
2170860	FINES - TRAFFIC	288,600.00	0.00	288,600.00	294,372
	SUB-TOTAL FINES	292,735.00	0.00	292,735.00	298,590.00
INTEREST EARNED					
2221110	INTEREST SUNDRY	5,000.00	0.00	5,000.00	5,250
2221910	LATE PAYMENT	232,232.00	0.00	232,232.00	243,844
2221980	LOANS - INTERNA				
	SUB-TOTAL INTER	237,232.00	0.00	237,232.00	249,094.00
RENT FACILITIES					
2250110	RENT - HALL		10,000.00	10,000.00	10,600
2250210	RENT - OTHER	430,000.00		430,000.00	455,800
2250600	RENT - STAFF HO	109,820.00	-109,000.00	820.00	869
	SUB-TOTAL RENT	539,820.00	-99,000.00	440,820.00	467,269.00

DETAILED BUDGET 2011/2012

Account No	Description	BUDGET YEAR 10/11	ADJUSTMENT	REVISED BUDGET	Draft 2011/2012 Budget
	OTHER INCOME				
2360005	ADMINISTRATION	1,675.00		1,675.00	1,759
2360010	ADMINISTRATION	33,072.00	-33,000.00	72.00	76
2360015	ADMISSION FEES	6,982.00		6,982.00	7,331
2360050	AGRICULTURAL LE	3,000.00		3,000.00	3,150
2360100	BATH HIRE	2,687.00	-2,687.00	0.00	0
2360120	BUILDING PLANS	24,652.00	100,000.00	124,652.00	130,885
2360130	BURIAL FEES	50,000.00	30,000.00	80,000.00	84,000
2360220	CASHIERS - SURP	2,000.00	-2,000.00	0.00	0
2360230	CLEARANCE CERTI	5,000.00	10,000.00	15,000.00	15,750
2360235	CONNECTION FEES	10,000.00	130,000.00	140,000.00	147,000
2360260	CONTRIBUTION EX	520,980.00	-520,980.00	0.00	0
2360325	DISCOUNT RECEIV	3,000.00	-3,000.00	0.00	0
2360326	DISCONNECTION/R	10,000.00	20,000.00	30,000.00	31,500
	INCOME FROM FURROWS	0.00	48,000.00	48,000.00	50,400
2360400	ENCROACHMENTS &	20,000.00		20,000.00	21,000
2361005	LICENCES : APPLICATIO DRI	2,493,697.00		2,493,697.00	2,618,382
2361010	LICENCES : DUPLICATES	7,000.00	10,000.00	17,000.00	17,850
2361015	LICENCES : APPLICATION LE	696,493.00		696,493.00	731,318
2361025	LICENCES : LICENCE RENEV	714,530.00	50,000.00	764,530.00	802,757
2361030	LICENCES : ROAD WORTHY	386,900.00	-300,000.00	86,900.00	91,245
2361035	LICENCES : VEHICLE REGIS	44,820.00	20,000.00	64,820.00	68,061
2361040	LICENCES : SUSPENSIONS	10,000.00	-9,000.00	1,000.00	1,050
2361050	LICENCES : TEMPORARY PE	231,059.00		231,059.00	242,612
2361055	LICENCES : FITNESS CERT	8,878.00	-8,878.00	0.00	0
2361060	LICENCES : INSTRUCTORS C	10,623.00	4,000.00	14,623.00	15,354
2361300	PROFIT RECHARGE	20,000.00	50,000.00	70,000.00	73,500
2361505	REPAIR TO INSTA	6,772.00	16,000.00	22,772.00	23,911

DETAILED BUDGET 2011/2012

Account No	Description	BUDGET YEAR 10/11	ADJUSTMENT	REVISED BUDGET	Draft 2011/2012 Budget
2361595	SALE OF LAND	50,000.00		50,000.00	52,500
2361600	SALE OF PHOTOCO		4,000.00	4,000.00	4,200
2361605	SALE OF PLAQUES		600.00	600.00	630
2361630	SECTIONAL TITLE		1,500.00	1,500.00	1,575
2361640	SIGN DISPLAY FE		20,000.00	20,000.00	21,000
2361660	SKILLS LEVY		66,000.00	66,000.00	69,300
2361675	STAFF HOUSING R	5,000.00	-5,000.00	0.00	0
2361685	SUNDRY INCOME	10,000.00	265,000.00	275,000.00	288,750
2361740	TRADE LICENSES	1,080.00	1,520.00	2,600.00	2,730
2362100	VALUATION CERTI	100.00		100.00	105
	SUB-TOTAL OTHER INCOME	5,390,000.00	-37,925.00	5,352,075.00	5,619,681.00
	LESS : INCOME F				
2452490	INCENTIVE CONSU				
2452495	INCOME FOREGONE	-25,857,000.00	0.00	-25,857,000.00	-27,615,276
	SUB-TOTAL INCOM	-25,857,000.00	0.00	-25,857,000.00	-27,615,276.00
	TOTAL DIRECT OPERATING	239,987,280.00	-17,538,203.00	222,449,077.00	275,514,154.00
	3010001 TOTAL OPERATING EXPENI	200,868,811.00	13,017,428.00	217,404,959.00	253,353,302.36
	3010002 TOTAL OPERATING INCOM	239,987,280.00	-17,538,203.00	222,449,077.00	275,514,154.00
	TOTAL OPERATING SURPI	-39,118,469.00	30,555,631.00	-5,044,118.00	-22,160,851.64

QUALITY CERTIFICATE

I, Ms P.N. Njoko, the Municipal Manager of uMtshezi Municipality, hereby certify that the 2011/12 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 draft 2011/12 annual budget and the supporting documentation are consistent with the Integrated Development Plan of the municipality.

**Name: Ms P.N. Njoko
Municipal Manager of uMtshezi Municipality, KZ234**

Signature: _____

Date: _____

