

# **UBuhlebezwe Municipality Draft Budget 2018/2019**

## **COUNCIL MEETING**

### **REPORT TO COUNCIL ON DRAFT BUDGET**

**Date** : 22 March 2018

**Levels** : 1<sup>st</sup> Level: Council

**1. Author** : CFO; NKS

#### **2. PURPOSE**

The purpose of this report is to seek approval from Council for the draft budgets for 2018/2019 financial year.

#### **3. LEGAL / STATUTORY REQUIREMENTS**

- Municipal Finance Management Act

#### **4. AUTHORITY**

- Council

#### **5. BACKGROUND AND REASONING**

The Municipal Finance Management Act states that the mayor of the municipality must table draft budget to council 90 days before the start of the financial year.

The budget has been prepared and is funded appropriately.

Furthermore the municipality has prepared A Schedule (Vision 6.2) which is an MSCOA compliant budget.

The budget document is attached.

# **UBuhlebezwe Municipality Draft Budget 2018/2019**

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## **6. STAFF IMPLICATIONS**

The document was prepared by the staff in the BTO.

## **7. FINANCIAL IMPLICATIONS**

- Budget will be implemented in the 2018/2019 financial year

## **8. OTHER PARTIES CONSULTED**

- Exco / Office of the Municipal Manager

## **9. RECOMMENDATIONS**

- That Council approves the draft budget for 2018/2019 financial year for onward submission to National and Provincial Treasury as well as communities for comments.

# **UBuhlebezwe Municipality Draft Budget 2018/2019**

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## **SCHEDULE OF DRAFT ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF**

# **UBUHLEBEZWE MUNICIPALITY**

## **2018/2019 DRAFT BUDGET**

**Copies of this document can be viewed:  
In the municipal buildings**

**Municipal library and the website**

**[www.Ubuhlebezwe.org.za](http://www.Ubuhlebezwe.org.za)**

# UBuhlebezwe Municipality Draft Budget 2018/2019

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# **MAYORAL BUDGET SPEECH**

## **Part 1 –Draft Annual Budget**

### **1. MAYORAL BUDGET SPEECH**

- Mr Speaker, Cllr Z Mngonyama;
- Deputy Mayor, Cllr EB Ngubo

# **UBuhlebezwe Municipality Draft Budget 2018/2019**

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- Colleagues in the Executive Committee
- Chairperson to MPAC, Cllr Jili
- Fellow Councillors
- oNdabezitha/ Amakhosi
- All Distinguished Guests present;
- The entire Management led by the Municipal Manager
- Ladies and Gentleman, and everyone present Good day

I am very honoured to be presenting the draft budget for the year ending 30 June 2019 and the MTEF ending in 2021. I am elated to present this budget, which is a tool in implementing our IDP.

Our country is faced with tough economic times, with a very low economic growth, even close to non-existence. UBuhlebezwe Municipality is not immune to this predicament. The limited resources which are required to finance the social needs, infrastructural needs, educational needs, security needs etc., of our country has led the government with no choice but to borrow money to finance the deficit in our national budget. This therefore means more expenditure in repayment of debt. We have noted with concern the decrease in our municipal allocation of conditional grants, more so grants that are directed to service delivery which is our core mandate.

Mr Speaker and council at large, the year 2018 also marks the year wherein, one of the greatest leaders, Oliver Reginald Tambo, would have turned one hundred (100) years had he been alive. O.R. Tambo was a selfless leader who fought for unity in diversity and the liberation of black people against white domination. As this council, we also celebrate with African National Congress and the world, the life of a great leader, a patriot and one of the people who worked with the National Action Committee to draft the freedom charter. It is unfortunate that he lost his life on the verge of democracy and never tasted the freedom that he fought so much for. Today we salute Oliver Reginald Tambo as UBuhlebezwe Municipality.

Mr Speaker, we are gathered in this fashion to table the draft budget of UBuhlebezwe Municipality for the year 2018 and three outer years. I am therefore presenting this budget as charged by the Municipal Finance Management Act as well as the Municipal Systems Act.

The budget is prepared according to the National Treasury guidelines, the budget reforms as well as circular 91 from National Treasury.

It is also important that this council note the fact that we adopted the gazette as issued by National Government on the new business reforms in the form of MSCOA. Within this obligation, that council produce budgets that is MSCOA compliant as at 1 July 2017. Any form of change is never easy; however, the municipality has pushed

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to ensure compliance with the laws and regulations relevant to MSCOA implementation. I am pleased to present an MSCOA compliant budget albeit more work still needs to be done.

The budget I am presenting today is characterised by Operational and Capital Budget.

## **SUMMARY OF THE BUDGET**

Operational Budget            R169 673 000

Capital Budget                R53 960 000

Total Budget                 R223 633 000

Funding the budget – Conditional and Unconditional grants

Description	Allocation 2018	Allocation 2019	Variance	Increase/Decrease
Equitable Share	R95 443 000	R99 319 000	R 3 876 000	↑
Electrification	R20 000 000	R16 000 000	(R4 000 000)	↓
Finance Management Grant	R 1 900 000	R 1 970 000	R 70 000	↑
EPWP	R 1 000 000	R 1 590 000	R 590 000	↑
Library Grant	R 583 000	R 613 000	R 30 000	↑
Library Cyber	R 188 000	R 197 000	R 9 000	↑
MIG	R27 330 000	R26 439 000	( R891 000)	↓

Mr Speaker, the municipality must tighten its belt and strategically allocate the scarce resources in order to try to meet the service delivery needs of the people of UBuhlebezwe. I am saying this considering the fact that UBuhlebezwe Municipality has fourteen wards due to demarcation as opposed to the twelve wards in the prior years.

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The budget that I am presenting today is only a draft and will be adopted by this council in May after having been taken to the people of UBuhlebezwe for comments. Mr Speaker, Section 6(1) of the Municipal Systems Amendment Act states ***“a municipality’s administration is governed by the democratic values and principles embodied in section 195(1) of the Constitution”***.

Section 6(2) (a) further requires each municipality ***“to be responsive to the needs of local community and to facilitate a culture of public service and accountability amongst staff”***

The budget is presented in detail below as required by the MFMA and the Municipal Budget Regulations.

As council and management, it is our responsibility to ensure that the budget presented today is credible and implementable. It is through this kind of unity that the flag of Ubuhlebezwe will be lifted. We are also not complacent and have put it upon ourselves to ensure that we “copy good things” from other institutions.

Mnumzana Mngonyama nendlu yonke, sengiyivala inkulumo yami, ngizovala ngamazwi eqhawe lenkululeko yethu, umnu O.R. Tambo; njengoba sigubha iminyaka eyikhulu nanye azalwa u Mnu Oliver Reginald “Kaizana” Tambo. Amazwi akhe athi: “It is our responsibility to break down barriers of division and create a country where there will be neither whites or blacks, just South Africans, free and united in diversity”

Ngiyabonga

## **1.2 Council Resolutions**

*The Council of Ubuhlebezwe Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:*



# **UBuhlebezwe Municipality Draft Budget 2018/2019**

- *That the annual budget of the municipality for the financial year 2018/2019 ; and indicative allocations for the two projected outer years 2019/2020 and 2020/2021 and related policies be approved, as set out in the following schedules and annexure:*

6.1	Budget summary	A1 Sum	
6.2	Budgeted financial performance (revenue and expenditure by standard classification)	A2 FinPerf	
6.3	Budgeted financial performance (revenue and expenditure by municipal vote)	A3 FinPerf	
6.4	Budgeted financial performance (revenue and expenditure)	A4 FinPerf	
6.5	Budgeted capital expenditure by vote, standard classification and funding	A5 CapEx	
6.6	Budgeted financial position	A6 FinPos	
6.7	Budgeted cash flows	A7 CFlow	
6.8	Cash backed reserves/accumulated surplus reconciliation	A8 ResRecon	
6.9	Asset management	A9 Asset	
6.10	Basic service delivery measurement	A10 SerDel	

## **1.3 EXECUTIVE SUMMARY**

### **1.3.1 Introduction**

# UBuhlebezwe Municipality Draft Budget 2018/2019

This 2018 to 2021 Tabled Medium Term Revenue and Expenditure Framework(MTREF) Budget Report deals with the operating budget and tariff proposals as well as the capital budget and funding sources proposal to ensure that UBuhlebezwe Municipality renders services to their local community in a financially sustainable manner.

## 1.3.2 Past performance

UBuhlebezwe Municipality has now attained an unqualified audit opinion. This is not something we are proud of and we shall continue to strive for a clean audit as we have done in the past. A good audit outcome is directly aligned to performance and service delivery. The good results positively reflect service delivery improvements as well as good financial management. Good performance reflects a positive image of UBuhlebezwe leadership in rendering its services, transparency and equally its ability to render services to the community at large.

## 1.3.3 Financial Sustainability

Financial sustainability over the long-term has to do with the maintenance of high priority expenditure programs, both operating and capital, to ensure program sustainability and desired quality of services to be rendered. There must also be rates and service charges stability and predictability in the overall rate burden by ensuring reasonable rates and service charges to fund programs.

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

## 1.3.4 Budget Summary

The following table is a consolidated overview of the proposed 2018/2019 draft budget and medium term revenue and expenditure framework:

**Table 1 Consolidated Overview of the 2018/2019**

KZN434 Ubuhebezwe - Table A1 Budget Summary										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Financial Performance</b>										
Property rates	12,349	13,124	13,122	15,748	14,585	14,585	14,585	15,536	16,375	17,276
Service charges	1,464	1,682	1,726	1,991	1,991	1,991	1,991	2,094	2,207	2,329
Investment revenue	5,446	6,873	9,215	7,000	10,000	10,000	10,000	10,000	10,540	11,120
Transfers recognised - operational	74,057	90,246	95,039	99,114	119,579	119,579	119,579	120,541	127,050	134,038
Other own revenue	6,257	6,774	12,033	10,495	7,396	7,396	7,396	8,500	8,959	9,452
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>99,573</b>	<b>118,698</b>	<b>131,136</b>	<b>134,347</b>	<b>153,551</b>	<b>153,551</b>	<b>153,551</b>	<b>156,672</b>	<b>165,132</b>	<b>174,214</b>

Total operating revenue has increased by 9% from the adjustments budget of 2017/2018. The municipality has budgeted R2.5 million for the sale of land, which has also contributed to the increase. Furthermore, the Equitable Share has

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increased by R3.8million compared to the previous year. Whilst this may sound as an increase, it must be noted that UBuhlebezwe Municipality inherited two wards from Umzumbe Municipality. This therefore means more wards to be serviced with the limited resources.

Total operating expenditure for the 2018/2019 financial year has been appropriated at R169 519 000 including Non-Cash Items of R21 578 000. This therefore translates into a surplus of R13 592 000, which effectively finances the capital expenditure. When compared to the 2017/2018 Adjustments Budget, operational expenditure has increased by R14 223 000 which is 11% of the adjustments budget. Whilst other operational grants, like the EPWP grant have increased by 51 %, the equitable share has increased by R3.8 million contributing to the increase in operational expenditure.

The capital budget of R53 963 341 for 2018/2019 which is R1 853 659 less than the adjustments budget and further translates to a decrease of 3.3%. The budget is mainly funded by conditional grants with own revenue only set at 51% of the capital budget.

## **1.4 Operating Revenue Framework**

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

The municipality's revenue strategy is being reviewed for relevance and effectiveness. The municipality has also embarked on a stringent data cleansing to ensure that revenues due to the municipality are received and timeously. The municipality has seen significant improvements on revenue collection for the months of January and February 2018 due to this exercise. The strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy
- Efficient revenue management, which aims to ensure a 75 per cent annual collection rate for property rates and other key service charges,
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) MPRA,
- Increase ability to extend new services and recover costs
- The municipality's Indigent Policy and rendering of free basic services and
- Tariff policies of the Municipality

The following table is a summary of the 2018/2019 MTREF (classified by main revenue source):

# UBuhlebezwe Municipality Draft Budget 2018/2019

KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	12,349	13,124	13,122	15,748	14,585	14,585	14,585	15,536	16,375	17,276
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1,464	1,682	1,726	1,991	1,991	1,991	1,991	2,094	2,207	2,329
Service charges - other					-	-	-	-	-	-	-
Rental of facilities and equipment		811	985	1,173	500	1,000	1,000	1,000	1,000	1,054	1,112
Interest earned - external investments		5,446	6,873	9,215	7,000	10,000	10,000	10,000	10,000	10,540	11,120
Interest earned - outstanding debtors						-	-	-	-	-	-
Dividends received						-	-	-	-	-	-
Fines, penalties and forfeits		264	392	1,580	250	250	250	250	200	211	222
Licences and permits		3,507	3,597	3,305	3,695	3,075	3,075	3,075	3,679	3,878	4,091
Agency services					835	775	775	775	815	859	907
Transfers and subsidies		74,057	90,246	95,039	99,114	119,579	119,579	119,579	120,541	127,050	134,038
Other revenue	2	1,675	1,799	5,975	5,215	2,296	2,296	2,296	2,806	2,958	3,120
Gains on disposal of PPE					-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		99,573	118,698	131,136	134,347	153,551	153,551	153,551	156,672	165,132	174,214

The total operating revenue for 2018/2019 is R 156 672 000

- Government Subsidies/ Grants**

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

The table below reflects all government grants categorised per function.

Description	Allocation 2018	Allocation 2019	Variance	Increase/Decrease
<b>GRANTS</b>				
MIG	R27 330 000	R26 439 000	( R 891 000)	↓
<b>TOTAL</b>	<b>R27 330 000</b>	<b>R26 439 000</b>	<b>(R 891 000)</b>	↓
<b>OPERATIONAL GRANTS</b>				

## UBuhlebezwe Municipality Draft Budget 2018/2019

Equitable Share	R95 443 000	R99 319 000	R 3 876 000	↑
Finance Management Grant	R 1 900 000	R 1 970 000	R 70 000	↑
EPWP	R 1 000 000	R 1 590 000	R 590 000	↑
Library Grant	R 583 000	R 613 000	R 30 000	↑
Library Cyber	R 188 000	R 197 000	R 9 000	↑
Electrification	R20 000 000	R16 000 000	(R4 000 000)	↓
<b>TOTAL</b>	<b>R119 114 000</b>	<b>R119 689 000</b>	<b>R 575 000</b>	↑

The Current years Operational Electrification projects are as follows:

<b>ELECTRIFICATION PROJECTS</b>		
UMKHUNYA - ELECTRIFICATION		2,899,421.99
WEBSTOWN INFILLS		250,000.00
BLACKSTORE ELECTRIFICATION		5,999,825.01
NTLOSANE /STEWARTVILLE EECTR		6,850,753.00
		16,000,000.00

Grants remain the largest revenue source.

### HOUSING PROJECTS

We have received the funding from Human settlement to fund Amanyuswa Housing Projects for R825 096.

- **Property Rates**

The municipality has resolved to increase the rates and service charges by 5%. This led to the budget for rates to be R 15 536 000 for the 2018/2019 financial year. The municipality has effected this increase notwithstanding the fact that the budget for

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rates was adjusted downwards during the current financial year. The revenue collection strategies and data cleansing is reflecting a positive feedback, which invariable so, means more revenue collection. The municipality will implement a new valuation roll effective from the 1 July 2018.

## Comparison of proposed rates to levied for the 2018/2019 financial year

KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>											
Property rates	2	12,349	13,124	13,122	15,748	14,585	14,585	14,585	15,536	16,375	17,276

The amounts reflected above are after considering revenue forgone and rebates.

- Refuse / Service Charges**

This refers to refuse removal income that the municipality collects as budgeted. The proposed budget for services amounted to R 2 094 227 for 2018/2019.

The municipality is also cognisant of the fact that the budget for refuse was adjusted downwards during the current financial year. However, the revenue collection improvements are a core reason for the budget to be set at R2million.

Below is a revenue collection chart, which reflects billed amounts versus cash collected:

2017-2018 Collection Rate									
	MTD								YTD
	July	August	September	October	November	December	January	February	Total
Receipts	959,938.86	407,691.98	405,093.23	1,061,824.41	3,599,458.84	493,796.97	765,824.11	554,968.09	8,248,596.49
Rates	1,203,353.40	1,087,056.22	1,090,894.44	1,090,894.44	1,089,198.72	1,089,046.92	1,090,273.25	1,142,448.83	8,883,166.22
Collection Rate	79.77%	37.50%	37.13%	97.34%	330.47%	45.34%	70.24%	48.58%	92.86%
Receipts	96,631.82	103,789.24	105,631.82	149,742.14	161,980.28	153,637.89	133,732.05	105,850.21	1,010,995.45
Refuse	157,666.65	157,689.27	159,126.10	158,657.36	181,010.98	177,940.38	178,163.44	178,609.56	1,348,863.74
Collection Rate	61.29%	65.82%	66.38%	94.38%	89.49%	86.34%	75.06%	59.26%	74.95%
Receipts	39,382.48	22,206.67	24,382.48	49,382.48	59,896.73	59,681.06	47,925.06	35,402.28	338,259.24
Rentals	65,588.01	65,588.01	61,892.95	56,626.84	63,186.63	65,922.42	56,897.29	50,410.90	486,113.05
Collection Rate	60.05%	33.86%	39.39%	87.21%	94.79%	90.53%	84.23%	70.23%	69.58%
Total Rec	1,095,953.16	533,687.89	535,107.53	1,260,949.03	3,821,335.85	707,115.92	947,481.22	696,220.58	9,597,851.18
Total Billing	1,426,608.06	1,310,333.50	1,311,913.49	1,306,178.64	1,333,396.33	1,332,909.72	1,325,333.98	1,371,469.29	10,718,143.01
Total Rate	76.82%	40.73%	40.79%	96.54%	286.59%	53.05%	71.49%	50.76%	89.55%

The municipality's tariff of refuse collection is not cost reflective, due to affordability of the community as well as unemployment rate within the municipal area. The section is therefore run at a loss and funded by the municipal funds.

An increase of 5% on tariffs has been used across the board.

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KZN434 Ubuhebezwe - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Financial Performance</b>										
Property rates	12,349	13,124	13,122	15,748	14,585	14,585	14,585	15,536	16,375	17,276
Service charges	1,464	1,682	1,726	1,991	1,991	1,991	1,991	2,094	2,207	2,329
Investment revenue	5,446	6,873	9,215	7,000	10,000	10,000	10,000	10,000	10,540	11,120
Transfers recognised - operational	74,057	90,246	95,039	99,114	119,579	119,579	119,579	120,541	127,050	134,038
Other own revenue	6,257	6,774	12,033	10,495	7,396	7,396	7,396	8,500	8,959	9,452
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>99,573</b>	<b>118,698</b>	<b>131,136</b>	<b>134,347</b>	<b>153,551</b>	<b>153,551</b>	<b>153,551</b>	<b>156,672</b>	<b>165,132</b>	<b>174,214</b>

- Rental**

This refers to rental for municipal facilities, the municipality budgeted the amount of R1 000 000.

- Traffic Fines**

Traffic Fines budget remains at R 200 000.

- Interest on Investments**

This refers to funds invested by the municipality on various institutions, for less than one year, we have budgeted an amount of R 10 000 000, increased from R 7 000 000.

- Licence and Permit**

The Municipality has budgeted to collect R 3 678 900 from Licence and Permit.

- Agency Services**

The Municipality has budgeted to collect R 815 300 from Agency Services.

## 1.5 Operating Expenditure Framework

The total operating expenditure for 2018/2019 financial year has been appropriated at R169 673 000. The Municipality's expenditure framework for the 2018/19 budget is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit



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- Funding of the over the medium-term as informed by Section 18 and 19 of the MFMA,
- Strict adherence to the principle of no project plans no budget. If there is no business plan, no funding allocation can be made.

## Expenditure by Source Table

KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	12 349	13 124	13 122	15 748	14 585	15 748	3 929	15 536	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1 464	1 682	1 726	1 991	1 991	1 991	1 369	2 094	2 207	2 329
Service charges - other											
Rental of facilities and equipment		811	985	1 173	500	1 000	500	749	1 000	1 054	1 112
Interest earned - external investments		5 446	6 873	9 215	7 000	10 000	7 000	6 917	10 000	10 540	11 120
Interest earned - outstanding debtors					–	–	–	–	–	–	–
Dividends received					–	–	–	–	–	–	–
Fines, penalties and forfeits		264	392	1 580	250	250	250	144	200	211	222
Licences and permits		3 507	3 597	3 305	3 695	3 075	3 695	1 660	3 679	3 878	4 091
Agency services					835	775	835	485	815	859	907
Transfers and subsidies		74 057	90 246	95 039	99 114	119 579	99 114	74 283	120 541	132 233	115 346
Other revenue	2	1 675	1 799	5 975	5 215	2 296	5 215	524	2 806	2 958	3 120
Gains on disposal of PPE					–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		99 573	118 698	131 136	134 347	153 551	134 347	90 060	156 672	153 940	138 246
Expenditure By Type											
Employee related costs	2	41 192	49 029	52 842	67 622	68 492	67 622	33 267	73 464	77 720	82 323
Remuneration of councillors		7 180	7 554	8 379	9 756	9 892	9 756	4 502	9 892	10 426	11 000
Debt impairment	3		1 097	1 365	1 500	1 500	1 500	–	1 578	1 663	1 755
Depreciation & asset impairment	2	16 606	18 743	20 173	19 000	19 000	19 000	13 760	20 000	21 080	22 239
Finance charges					–	–	–	–	–	–	–
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	2 339	2 930	2 883	675	690	675	381	696	734	774
Contracted services		4 962	5 760	6 765	21 230	21 224	21 230	8 551	21 260	22 408	23 640
Transfers and subsidies		841	1 344	1 296	2 381	22 075	2 381	11 279	19 152	21 036	21 297
Other expenditure	4, 5	27 861	29 488	30 713	22 919	22 939	22 919	10 323	23 632	24 793	26 205
Loss on disposal of PPE		3 095	3 149	1 777	–	–	–	–	–	–	–
Total Expenditure		104 077	119 094	126 192	145 084	165 811	145 084	82 063	169 673	179 861	189 233
Surplus/(Deficit)		(4 504)	(395)	4 944	(10 737)	(12 260)	(10 737)	7 997	(13 002)	(25 921)	(50 986)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		65 554	83 549	29 719	47 834	27 330	47 834	36 826	26 439	44 731	47 191
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)					–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		61 049	83 153	34 663	37 097	15 070	37 097	44 823	13 437	18 810	(3 795)
Taxation					–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		61 049	83 153	34 663	37 097	15 070	37 097	44 823	13 437	18 810	(3 795)
Attributable to minorities					–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		61 049	83 153	34 663	37 097	15 070	37 097	44 823	13 437	18 810	(3 795)
Share of surplus/ (deficit) of associate	7				–	–	–	–	–	–	–
Surplus/(Deficit) for the year		61 049	83 153	34 663	37 097	15 070	37 097	44 823	13 437	18 810	(3 795)



# **UBuhlebezwe Municipality Draft Budget 2018/2019**

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- **Employee Related Costs**

This refers to the salaries and benefits paid to employees, currently the municipality has tentatively budgeted 8% for salary increases. The proposed total cost to employer amount to R73 464 000. This amount excludes the Councilors Remuneration which is R9 892 000. The amount of employee related costs also includes new position that were previously not funded in the budget but approved in the Municipality's organogram.

- **Provision for doubtful debts.**

The provision of debt impairment was determined based on an annual collection rate. For the 2018/2019 financial year this amount equates to R1 578 000. While this expenditure is considered as non-cash item, it informed the cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

- **Depreciation**

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the rate asset consumption. Budget appropriations in this regard total R20 000 000 for the 2018/2019 financial year and equates to 11, 8 per cent of the total operating expenditure.

- **Repairs and Maintenance**

In line with repairs and maintenance plan, this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure assets. The amount of R 6 054 031 has been budgeted for 2018/2019 which equals to 11 % of the total Capital Budget.

- **Contracted Services**

The budget of R 21 260 000 has been set aside for contracted services.

- **Transfers and Grants/ Free Basic Services**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The budget of R 2 599 800 has been set aside.

- **Other Expenditure**

Other expenditure is the general expenditure incurred by the municipality for its operations, the amount of R23 632 000 is projected.

# UBuhlebezwe Municipality Draft Budget 2018/2019

## Community Development Programmes/Projects

PROGRAMMES	2017/2018	2018/2019
Bursary Youth	600 000	600 000
Disaster Management	262 000	237 000
Back to School	10 000	10 000
Marketing and Tourism	215 000	240 000
Moral Generation	70 000	62 340
Performing Arts ( Art and Culture)	723 000	605 200
Community Upliftment	192 000	194 000
Youth Programs	200 000	300 000
HIV/AIDS Awareness	200 000	200 000
Ward Committee	1 265 000	1 325 520
Public Participation	130 000	125 000
LED Projects	1 200 000	1 550 000
LED /Tourism Forum	5 000	5 260
Community Development	1 195 000	1 145 000

The above “soft projects” are budgeted for under operational budget.

## 1.6 Capital expenditure

Capital expenditure funding is funded by grants which is an amount of R26 439 000 from MIG and Other expenditure of R27 524 340 is funded from internally generated funds.

### Summary of Capital Expenditure

MIG	R 26 439 000
Internal Funded	R 27 520 000
<b>Total</b>	<b>R53 960 000</b>

Recon per Category	
<b>Infrastructure - Road transport MIG</b>	<b>13,746,828.37</b>
<b>Sports Fields &amp; Stadiums</b>	<b>13,574,612.62</b>
<b>General vehicles</b>	<b>600,000.00</b>
<b>Plant &amp; Equipment</b>	<b>160,000.00</b>
<b>Office &amp; IT Equipment</b>	<b>801,300.00</b>
<b>Office Furniture</b>	<b>215,000.00</b>
<b>Other Buildings</b>	<b>15,100,000.00</b>
<b>Intangible</b>	<b>4,500,000.00</b>
<b>ELECTRIFICATION PROJECTS</b>	<b>5,000,000.00</b>
<b>Other Assets</b>	<b>265,600.00</b>
<b>TOTAL</b>	<b>53,963,340.99</b>

**NB: Breakdown of these projects are in the IDP.**

# **UBuhlebezwe Municipality Draft Budget 2018/2019**

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## **1.7 Annual Budget Tables-**

### **1.7.1 Explanatory notes to MBRR Table A1-Budget Summary for 2018/2019 Financial year.**

- Table A1 is a budget summary and provides a concise overview of UBuhlebezwe Local Municipality's budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. The Budget Summary provides the key information in this regard;
  - Transfer recognised is reflected on the Financial Performance Budget
  - Internally generated funds are financed from a combination of the operating surplus and accumulated cash-backed surplus from previous years. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The municipality is committed to provide free basic services to the needy community. In addition, the municipality continues to make progress in addressing service delivery backlogs.

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

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into its functional areas. Municipal revenue, operating expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports

## KZN434 Ubuhlebezwe - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
Revenue - Functional												
Municipal governance and administration			90 203	109 105	157 550	125 432	124 276	125 432	129 683	120 311	126 928	
Executive and council			-	-	-	-	-	-	-	-	-	
Mayor and Council			-	-	-	-	-	-	-	-	-	
Municipal Manager, Town Secretary and Chief Executive			-	-	-	-	-	-	-	-	-	
Finance and administration			90 203	109 105	157 550	125 432	124 276	125 432	129 683	120 311	126 928	
Administrative and Corporate Support			1 091	586	1 173	5 000	2 000	5 000	2 500	2 635	2 760	
Asset Management			-	-	-	-	-	-	-	-	-	
Budget and Treasury Office			89 112	108 519	156 376	120 182	122 126	120 182	127 033	117 518	123 982	
Finance			-	-	-	-	-	-	-	-	-	
Fleet Management			-	-	-	-	-	-	-	-	-	
Human Resources			-	-	-	-	-	-	-	-	-	
Information Technology			-	-	-	-	-	-	-	-	-	
Legal Services			-	-	-	-	-	-	-	-	-	
Marketing, Customer Relations, Publicity and Media Co-			-	-	-	-	-	-	-	-	-	
Property Services			-	-	-	250	150	250	150	158	167	
Risk Management			-	-	-	-	-	-	-	-	-	
Security Services			-	-	-	-	-	-	-	-	-	
Supply Chain Management			-	-	-	-	-	-	-	-	-	
Valuation Service			-	-	-	-	-	-	-	-	-	
Internal audit			-	-	-	-	-	-	-	-	-	
Governance Function			-	-	-	-	-	-	-	-	-	
Community and public safety			4 482	10 771	3 305	4 930	4 944	4 930	6 389	6 730	6 204	
Community and social services			722	6 795	-	1 055	1 669	1 055	1 710	1 799	1 001	
Aged Care			-	-	-	-	-	-	-	-	-	
Agricultural			-	-	-	-	-	-	-	-	-	
Animal Care and Diseases			-	-	-	-	-	-	-	-	-	
Cemeteries, Funeral Parlours and Crematoriums			-	-	-	-	-	-	-	-	-	
Child Care Facilities			-	-	-	-	-	-	-	-	-	
Community Halls and Facilities			662	3 608	-	280	890	280	892	940	992	
Consumer Protection			-	-	-	-	-	-	-	-	-	
Cultural Matters			-	-	-	-	-	-	-	-	-	
Disaster Management			-	-	-	-	-	-	-	-	-	
Education			-	-	-	-	-	-	-	-	-	
Indigenous and Customary Law			-	-	-	-	-	-	-	-	-	
Industrial Promotion			-	-	-	-	-	-	-	-	-	
Language Policy			-	-	-	-	-	-	-	-	-	
Libraries and Archives			60	3 187	-	775	779	775	818	859	9	
Literacy Programmes			-	-	-	-	-	-	-	-	-	
Media Services			-	-	-	-	-	-	-	-	-	
Museums and Art Galleries			-	-	-	-	-	-	-	-	-	
Population Development			-	-	-	-	-	-	-	-	-	
Provincial Cultural Matters			-	-	-	-	-	-	-	-	-	
Theatres			-	-	-	-	-	-	-	-	-	
Zoo's			-	-	-	-	-	-	-	-	-	
Sport and recreation			-	-	-	-	-	-	-	-	-	
Beaches and Jetties			-	-	-	-	-	-	-	-	-	
Casinos, Racing, Gambling, Wagering			-	-	-	-	-	-	-	-	-	
Community Parks (including Nurseries)			-	-	-	-	-	-	-	-	-	
Recreational Facilities			-	-	-	-	-	-	-	-	-	
Sports Grounds and Stadiums			-	-	-	-	-	-	-	-	-	
Public safety			3 760	3 976	3 305	3 875	3 275	3 875	3 826	4 003	4 255	
Civil Defence			3 760	3 976	3 305	3 850	3 250	3 850	3 800	4 005	4 225	
Cleansing			-	-	-	-	-	-	-	-	-	
Control of Public Nuisances			-	-	-	-	-	-	-	-	-	
Fencing and Fences			-	-	-	-	-	-	-	-	-	
Fire Fighting and Protection			-	-	-	25	25	25	26	28	29	
Licensing and Control of Animals			-	-	-	-	-	-	-	-	-	
Housing			-	-	-	-	-	-	852	898	948	
Housing			-	-	-	-	-	-	852	898	948	
Informal Settlements			-	-	-	-	-	-	-	-	-	
Health			-	-	-	-	-	-	-	-	-	
Ambulance			-	-	-	-	-	-	-	-	-	
Health Services			-	-	-	-	-	-	-	-	-	
Laboratory Services			-	-	-	-	-	-	-	-	-	
Food Control			-	-	-	-	-	-	-	-	-	
Health Surveillance and Prevention of Communicable			-	-	-	-	-	-	-	-	-	
Vector Control			-	-	-	-	-	-	-	-	-	
Chemical Safety			-	-	-	-	-	-	-	-	-	
Economic and environmental services			68 977	80 690	-	49 829	49 670	49 829	28 944	52 558	32 185	
Planning and development			67 769	17 038	-	47 969	47 910	47 969	26 555	50 039	29 528	
Billboards			-	-	-	-	-	-	-	-	-	
Corporate Wide Strategic Planning (IDPs, LEDS)			-	-	-	-	-	-	-	-	-	
Central City Improvement District			-	-	-	-	-	-	-	-	-	
Development Facilitation			-	-	-	-	-	-	-	-	-	
Economic Development/Planning			67 769	17 038	-	47 869	47 810	47 869	26 455	49 934	29 417	
Regional Planning and Development			-	-	-	-	-	-	-	-	-	
Town Planning, Building Regulations and Enforcement, and			-	-	-	100	100	100	100	105	111	
Project Management Unit			-	-	-	-	-	-	-	-	-	
Provincial Planning			-	-	-	-	-	-	-	-	-	
Support to Local Municipalities			-	-	-	-	-	-	-	-	-	
Road transport			1 209	63 652	-	1 860	1 760	1 860	2 390	2 519	2 657	
Police Forces, Traffic and Street Parking Control			-	-	-	60	60	60	63	67	70	
Pounds			-	-	-	-	-	-	-	-	-	
Public Transport			-	-	-	-	-	-	-	-	-	
Road and Traffic Regulation			-	-	-	800	700	800	736	776	819	
Roads			1 209	63 652	-	1 000	1 000	1 000	1 590	1 675	1 768	
Taxi Ranks			-	-	-	-	-	-	-	-	-	
Environmental protection			-	-	-	-	-	-	-	-	-	
Biodiversity and Landscape			-	-	-	-	-	-	-	-	-	
Coastal Protection			-	-	-	-	-	-	-	-	-	
Indigenous Forests			-	-	-	-	-	-	-	-	-	
Nature Conservation			-	-	-	-	-	-	-	-	-	
Pollution Control			-	-	-	-	-	-	-	-	-	
Soil Conservation			-	-	-	-	-	-	-	-	-	
Trading services			1 464	1 682	-	1 991	1 991	1 991	18 094	19 071	20 120	
Energy sources			-	-	-	-	-	-	16 000	16 864	17 792	
Electricity			-	-	-	-	-	-	16 000	16 864	17 792	
Street Lighting and Signal Systems			-	-	-	-	-	-	-	-	-	
Nonelectric Energy			-	-	-	-	-	-	-	-	-	
Water management			-	-	-	-	-	-	-	-	-	
Water Treatment			-	-	-	-	-	-	-	-	-	
Water Distribution			-	-	-	-	-	-	-	-	-	
Water Storage			-	-	-	-	-	-	-	-	-	
Waste water management			-	-	-	-	-	-	-	-	-	
Public Toilets			-	-	-	-	-	-	-	-	-	
Sewerage			-	-	-	-	-	-	-	-	-	
Storm Water Management			-	-	-	-	-	-	-	-	-	
Waste Water Treatment			-	-	-	-	-	-	-	-	-	
Waste management			1 464	1 682	-	1 991	1 991	1 991	2 094	2 207	2 329	
Recycling			-	-	-	-	-	-	-	-	-	
Solid Waste Disposal (Landfill Sites)			-	-	-	-	-	-	-	-	-	
Solid Waste Removal			1 464	1 682	-	1 991	1 991	1 991	2 094	2 207	2 329	
Street Cleaning			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	-	
Abattoirs			-	-	-	-	-	-	-	-	-	
Air Transport			-	-	-	-	-	-	-	-	-	
Forestry			-	-	-	-	-	-	-	-	-	
Licensing and Regulation			-	-	-	-	-	-	-	-	-	
Markets			-	-	-	-	-	-	-	-	-	
Tourism			-	-	-	-	-	-	-	-	-	
Total Revenue - Functional			2	165 127	202 247	160 854	182 181	180 881	182 181	183 111	198 670	185 437
Expenditure - Functional												
Municipal governance and administration			60 935	80 299	121 946	85 447	85 876	85 447	88 229	72 115	76 434	
Executive and council			12 684	13 222	-	13 033	22 911	13 033	23 501	24 770	26 133	
Mayor and Council			12 684	13 222	-	13 033	12 100	13 033	12 284	12 947	13 473	
Municipal Manager, Town Secretary and Chief Executive			-	-	-	-	10 791	-	11 217	11 823	12 473	
Finance and administration			48 251	67 076	121 946	61 517	62 965	61 517	64 727	47 345	50 301	
Administrative and Corporate Support			15 190	36 605	-	23 698	24 529	23 698	25 518	26 876	28 707	
Asset Management			-	-	-	-	-	-	-	-	-	

# UBuhlebezwe Municipality Draft Budget 2018/2019

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

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure. This means it is possible to present the operating surplus or deficit of a vote. The table shows the analysis of the surplus or deficit.

KZN434 Ubuhebezwe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		—	—	—	—	—	—	—	—	—
Vote 2 - BUDGET & TREASURY		89,112	108,519	156,376	120,182	122,126	122,126	127,033	133,893	141,257
Vote 3 - CORPORATE SERVICES		1,091	586	1,173	5,250	2,150	2,150	2,650	2,793	2,947
Vote 4 - COMMUNITY & SOCIAL SERVICES		2,126	5,290	—	3,045	3,660	3,660	3,805	4,010	4,231
Vote 5 - SPORT & RECREATION/PARKS		60	3,187	—	—	—	—	—	—	—
Vote 6 - PUBLIC SAFETY		3,760	3,976	3,305	3,875	3,275	3,275	3,826	4,033	4,255
Vote 7 - HOUSING		—	—	—	—	—	—	—	—	—
Vote 8 - INFRASTRUCTURE, PLANNING & DEVELOPMENT		67,769	17,038	—	135	115	115	116	122	129
Vote 9 - ROADS TRANSPORT		1,209	63,652	—	49,694	49,555	49,555	45,681	48,147	50,795
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Revenue by Vote	2	165,127	202,247	160,854	182,181	180,881	180,881	183,111	192,999	203,614
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE & COUNCIL		12,684	13,222	—	23,930	22,911	22,911	23,501	24,770	26,133
Vote 2 - BUDGET & TREASURY		33,061	30,471	121,946	37,269	37,966	37,966	38,631	40,717	42,956
Vote 3 - CORPORATE SERVICES		15,190	36,605	—	24,248	24,999	24,999	26,097	27,506	29,019
Vote 4 - COMMUNITY & SOCIAL SERVICES		16,115	13,852	—	19,846	19,222	19,222	21,041	22,177	23,397
Vote 5 - SPORT & RECREATION/PARKS		552	308	—	723	708	708	693	730	770
Vote 6 - PUBLIC SAFETY		5,522	6,356	1,365	13,968	14,044	14,044	15,525	16,363	17,263
Vote 7 - HOUSING		4,205	587	—	1,265	1,196	1,196	1,285	1,354	1,429
Vote 8 - INFRASTRUCTURE, PLANNING & DEVELOPMENT		11,404	6,629	—	7,791	7,494	7,494	7,688	8,103	8,549
Vote 9 - ROADS TRANSPORT		5,344	11,063	2,881	16,044	36,383	36,383	35,214	37,116	39,157
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Expenditure by Vote	2	104,077	119,094	126,192	145,084	164,922	164,922	169,674	178,836	188,672
Surplus/(Deficit) for the year	2	61,049	83,153	34,663	37,097	15,959	15,959	13,437	14,163	14,942

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

Total revenue is estimated at R156 672 000 in 2018/2019. Out of that revenue is an amount of R15 536 000 which is estimated to be collected from property rates.

Transfers recognised-operating includes the FMG, EPWP, Electrification and equitable share from national and provincial government. It is noted that the grants remains a significant and high funding source for the municipality.

# UBuhlebezwe Municipality Draft Budget 2018/2019

KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>											
Property rates	2	12 349	13 124	13 122	15 748	14 585	15 748	3 929	15 536	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1 464	1 682	1 726	1 991	1 991	1 991	1 369	2 094	2 207	2 329
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		811	985	1 173	500	1 000	500	749	1 000	1 054	1 112
Interest earned - external investments		5 446	6 873	9 215	7 000	10 000	7 000	6 917	10 000	10 540	11 120
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		264	392	1 580	250	250	250	144	200	211	222
Licences and permits		3 507	3 597	3 305	3 695	3 075	3 695	1 660	3 679	3 878	4 091
Agency services		–	–	–	835	775	835	485	815	859	907
Transfers and subsidies		74 057	90 246	95 039	99 114	119 579	99 114	74 283	120 541	132 233	115 346
Other revenue	2	1 675	1 799	5 975	5 215	2 296	5 215	524	2 806	2 958	3 120
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>99 573</b>	<b>118 698</b>	<b>131 136</b>	<b>134 347</b>	<b>153 551</b>	<b>134 347</b>	<b>90 060</b>	<b>156 672</b>	<b>153 940</b>	<b>138 246</b>
<b>Expenditure By Type</b>											
Employee related costs	2	41 192	49 029	52 842	67 622	68 492	67 622	33 267	73 464	77 720	82 323
Remuneration of councillors		7 180	7 554	8 379	9 756	9 892	9 756	4 502	9 892	10 426	11 000
Debt impairment	3	–	1 097	1 365	1 500	1 500	1 500	–	1 578	1 663	1 755
Depreciation & asset impairment	2	16 606	18 743	20 173	19 000	19 000	19 000	13 760	20 000	21 080	22 239
Finance charges		–	–	–	–	–	–	–	–	–	–
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	2 339	2 930	2 883	675	690	675	381	696	734	774
Contracted services		4 962	5 760	6 765	21 230	21 224	21 230	8 551	21 260	22 408	23 640
Transfers and subsidies		841	1 344	1 296	2 381	22 075	2 381	11 279	19 152	21 036	21 297
Other expenditure	4, 5	27 861	29 488	30 713	22 919	22 939	22 919	10 323	23 632	24 793	26 205
Loss on disposal of PPE		3 095	3 149	1 777	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>104 077</b>	<b>119 094</b>	<b>126 192</b>	<b>145 084</b>	<b>165 811</b>	<b>145 084</b>	<b>82 063</b>	<b>169 673</b>	<b>179 861</b>	<b>189 233</b>
<b>Surplus/(Deficit)</b>		<b>(4 504)</b>	<b>(395)</b>	<b>4 944</b>	<b>(10 737)</b>	<b>(12 260)</b>	<b>(10 737)</b>	<b>7 997</b>	<b>(13 002)</b>	<b>(25 921)</b>	<b>(50 986)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		65 554	83 549	29 719	47 834	27 330	47 834	36 826	26 439	44 731	47 191
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>61 049</b>	<b>83 153</b>	<b>34 663</b>	<b>37 097</b>	<b>15 070</b>	<b>37 097</b>	<b>44 823</b>	<b>13 437</b>	<b>18 810</b>	<b>(3 795)</b>
Taxation		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>		<b>61 049</b>	<b>83 153</b>	<b>34 663</b>	<b>37 097</b>	<b>15 070</b>	<b>37 097</b>	<b>44 823</b>	<b>13 437</b>	<b>18 810</b>	<b>(3 795)</b>
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>		<b>61 049</b>	<b>83 153</b>	<b>34 663</b>	<b>37 097</b>	<b>15 070</b>	<b>37 097</b>	<b>44 823</b>	<b>13 437</b>	<b>18 810</b>	<b>(3 795)</b>
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>		<b>61 049</b>	<b>83 153</b>	<b>34 663</b>	<b>37 097</b>	<b>15 070</b>	<b>37 097</b>	<b>44 823</b>	<b>13 437</b>	<b>18 810</b>	<b>(3 795)</b>

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

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification, and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The capital programme is funded by grants, donations where necessary and internally generated funds.
- UBuhlebezwe capital budget is mainly funded by grants with MIG and DoE (Electrification) being the highest funders. It must also be noted that the electrification project is budgeted for under capital expenditure simply because whilst the project is still work in progress it becomes capital in nature; however as soon as the project is transferred to the home owners, it then gets transferred to operational expenditure.

# UBuhlebezwe Municipality Draft Budget 2018/2019

KZN434 Ubuhebezwe - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure, to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE & COUNCIL		393	260	1 013	960	1 000	1 000	1 000	500	527	556
Vote 2 - BUDGET & TREASURY		139	1 178	262	330	230	230	230	4 736	4 991	5 266
Vote 3 - CORPORATE SERVICES		1 247	1 672	1 721	3 287	3 217	3 217	3 217	945	996	1 050
Vote 4 - COMMUNITY & SOCIAL SERVICES		20	9 516	15 620	14 456	13 447	13 447	13 447	9 493	9 946	10 556
Vote 5 - SPORT & RECREATION/PARKS		-	-	-	-	-	-	-	4 274	4 504	4 752
Vote 6 - PUBLIC SAFETY		-	-	-	230	230	230	230	-	-	-
Vote 7 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 8 - INFRASTRUCTURE, PLANNING & DEVELOPMENT		21 173	-	-	12 200	9 000	9 000	9 000	15 226	16 048	16 961
Vote 9 - ROADS TRANSPORT		44 963	73 681	54 702	51 547	28 696	28 696	28 696	18 787	19 801	20 890
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>67 936</b>	<b>86 306</b>	<b>73 318</b>	<b>83 010</b>	<b>55 820</b>	<b>55 820</b>	<b>55 820</b>	<b>53 960</b>	<b>56 813</b>	<b>60 032</b>
<b>Single-year expenditure, to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - SPORT & RECREATION/PARKS		-	-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 7 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 8 - INFRASTRUCTURE, PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - ROADS TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>67 936</b>	<b>86 306</b>	<b>73 318</b>	<b>83 010</b>	<b>55 820</b>	<b>55 820</b>	<b>55 820</b>	<b>53 960</b>	<b>56 813</b>	<b>60 032</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>533</b>	<b>1 438</b>	<b>1 275</b>	<b>955</b>	<b>1 355</b>	<b>1 355</b>	<b>1 355</b>	<b>5 938</b>	<b>6 258</b>	<b>6 602</b>
Executive and council		393	260	1 013	500	1 000	1 000	1 000	500	527	556
Finance and administration		139	1 178	262	455	355	355	355	5 438	5 731	6 046
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>20</b>	<b>9 516</b>	<b>15 620</b>	<b>17 921</b>	<b>16 078</b>	<b>16 078</b>	<b>16 078</b>	<b>14 185</b>	<b>14 891</b>	<b>15 773</b>
Community and social services		20	9 516	15 620	17 861	16 018	16 018	16 018	9 911	10 387	11 021
Sport and recreation		-	-	-	-	-	-	-	4 274	4 504	4 752
Public safety		-	-	-	60	60	60	60	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>66 136</b>	<b>73 681</b>	<b>54 702</b>	<b>61 387</b>	<b>36 170</b>	<b>36 170</b>	<b>36 170</b>	<b>33 513</b>	<b>35 322</b>	<b>37 295</b>
Planning and development		21 173	-	-	34 000	12 000	12 000	12 000	19 626	20 686	21 854
Road transport		44 963	73 681	54 702	27 387	24 170	24 170	24 170	13 887	14 636	15 442
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>1 768</b>	<b>1 672</b>	<b>1 721</b>	<b>2 747</b>	<b>2 217</b>	<b>2 217</b>	<b>2 217</b>	<b>325</b>	<b>342</b>	<b>361</b>
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	<b>68 457</b>	<b>86 306</b>	<b>73 318</b>	<b>83 010</b>	<b>55 820</b>	<b>55 820</b>	<b>55 820</b>	<b>53 960</b>	<b>56 813</b>	<b>60 032</b>
<b>Funded by:</b>											
National Government		56 204	79 689	56 090	42 221	27 330	19 981	19 981	26 439	27 867	29 399
Provincial Government		8 634	-	-	504	-	-	-	-	-	-
District Municipality		-	-	-	-	0	-	-	0	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>64 838</b>	<b>79 689</b>	<b>56 090</b>	<b>42 725</b>	<b>27 330</b>	<b>19 981</b>	<b>19 981</b>	<b>26 439</b>	<b>27 867</b>	<b>29 399</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>7</b>	<b>3 619</b>	<b>6 618</b>	<b>17 228</b>	<b>40 284</b>	<b>28 490</b>	<b>35 839</b>	<b>35 839</b>	<b>27 521</b>	<b>28 947</b>	<b>30 632</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>68 457</b>	<b>86 306</b>	<b>73 318</b>	<b>83 010</b>	<b>55 820</b>	<b>55 820</b>	<b>55 820</b>	<b>53 960</b>	<b>56 813</b>	<b>60 032</b>

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

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and

## **UBuhlebezwe Municipality Draft Budget 2018/2019**

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management of the impact of the budget on the statement of financial position(balance sheet)

- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version.
- Any movement on the budgeted financial performance or the capital budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalent at year end.
- Table SA3 provides a detailed analysis of the major components of a number of items, including :
  - Call investments deposits
  - Consumer debtors
  - Property, plant and equipment
  - Trade and other payables
  - Provisions non current
  - Change in net assets,
  - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets on the municipality belong to the community.



# UBuhlebezwe Municipality Draft Budget 2018/2019

KZN434 Ubuhebezwe - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		81 970	11 362	6 396	4 000	4 000	4 000	4 000	2 500	2 635	2 780
Call investment deposits	1		91 868	111 904	112 192	116 332	116 332	116 332	91 904	96 867	102 195
Consumer debtors	1	9 447	11 207	13 979	—	—	—	—	14 587	15 375	16 221
Other debtors		4 822	35	374	1 446	1 446	1 446	1 446	247	260	275
Current portion of long-term receivables											
Inventory	2	3 671	3 159	2 533	3 671	3 671	3 671	3 671	2 987	3 149	3 322
Total current assets		99 909	117 631	135 186	121 310	125 450	125 450	125 450	112 226	118 286	124 792
Non current assets											
Long-term receivables					—	—	—	—		—	—
Investments					—	—	—	—		—	—
Investment property		20 300	20 379	20 365	12 814	12 814	12 814	12 814	20	21	23
Investment in Associate					—	—	—	—		—	—
Property, plant and equipment	3	236 801	223 207	240 093	240 079	276 899	276 899	276 899	274 053	288 852	304 739
Agricultural					—	—	—	—		—	—
Biological					—	—	—	—		—	—
Intangible		881	881	881	560	560	560	560	1 201	1 266	1 336
Other non-current assets		4 792	4 792	4 809	—	—	—	—	5 078	5 352	5 647
Total non current assets		262 774	249 258	266 147	253 452	290 272	290 272	290 272	280 353	295 492	311 744
TOTAL ASSETS		362 684	366 890	401 334	374 762	415 722	415 722	415 722	392 579	413 778	436 536
LIABILITIES											
Current liabilities											
Bank overdraft	1					—	—	—		—	—
Borrowing	4	275	63	—	—	—	—	—	—	—	—
Consumer deposits						—	—	—		—	—
Trade and other payables	4	28 364	34 587	30 379	—	26 447	26 447	26 447	20 145	21 233	22 401
Provisions						—	—	—		—	—
Total current liabilities		28 639	34 650	30 379	—	26 447	26 447	26 447	20 145	21 233	22 401
Non current liabilities											
Borrowing		63	—	—	—	—	—	—	—	—	—
Provisions		5 540	5 749	6 700	—	500	500	500	6 900	7 273	7 673
Total non current liabilities		5 603	5 749	6 700	—	500	500	500	6 900	7 273	7 673
TOTAL LIABILITIES		34 242	40 399	37 079	—	26 947	26 947	26 947	27 045	28 506	30 073
NET ASSETS	5	328 442	326 490	364 254	374 762	388 775	388 775	388 775	365 534	385 272	406 462
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		328 068	326 116	363 881	299 724	379 840	379 840	379 840	365 147	384 865	406 032
Reserves	4	374	374	374	75 038	8 935	8 935	8 935	387	408	430
		—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5										
References		328 442	326 490	364 254	374 762	388 775	388 775	388 775	365 534	385 272	406 462

## 1.7.7 Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

# UBuhlebezwe Municipality Draft Budget 2018/2019


KZN434 Ubuhebezwe - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		12 949	13 124		14 548	13 385	13 385	13 385	13 206	13 919	14 684
Service charges		1 454	1 682		1 931	1 931	1 931	1 931	1 780	1 876	1 979
Other revenue		1 675	6 774		24 940	7 915	7 915	7 915	8 378	8 831	9 316
Government - operating	1	88 419	101 441	89 633	99 114	119 579	119 579	119 579	120 541	127 050	134 038
Government - capital	1	60 238	64 291	54 057	47 834	27 330	27 330	27 330	26 439	27 867	29 399
Interest		5 446	6 873	9 215	7 500	10 000	10 000	10 000	10 000	10 540	11 120
Dividends					-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(83 716)	(80 813)	(75 048)	(122 203)	(122 327)	(122 327)	(122 327)	(106 256)	(111 994)	(118 153)
Finance charges					-	-	-	-	-	-	-
Transfers and Grants	1	(1 514)			(1 371)	(1 065)	(1 065)	(1 065)	(38 601)	(40 685)	(42 923)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>84 951</b>	<b>113 371</b>	<b>77 857</b>	<b>72 293</b>	<b>56 748</b>	<b>56 748</b>	<b>56 748</b>	<b>35 487</b>	<b>37 404</b>	<b>39 461</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									20 000	21 080	22 239
<b>Payments</b>											
Capital assets		(68 457)	(91 839)	(61 836)	(83 010)	(55 820)	(55 820)	(55 820)	(53 960)	(56 874)	(60 002)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(68 457)</b>	<b>(91 839)</b>	<b>(61 836)</b>	<b>(83 010)</b>	<b>(55 820)</b>	<b>(55 820)</b>	<b>(55 820)</b>	<b>(33 960)</b>	<b>(35 794)</b>	<b>(37 762)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
<b>Payments</b>											
Repayment of borrowing		(558)	(272)	(951)					-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(558)</b>	<b>(272)</b>	<b>(951)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>15 937</b>	<b>21 260</b>	<b>15 071</b>	<b>(10 717)</b>	<b>928</b>	<b>928</b>	<b>928</b>	<b>1 528</b>	<b>1 610</b>	<b>1 699</b>
Cash/cash equivalents at the year begin:	2	<b>66 033</b>	<b>81 970</b>	<b>103 230</b>	<b>83 136</b>	<b>118 300</b>	<b>118 300</b>	<b>118 300</b>	<b>119 229</b>	<b>120 756</b>	<b>122 366</b>
Cash/cash equivalents at the year end:	2	<b>81 970</b>	<b>103 230</b>	<b>118 301</b>	<b>72 419</b>	<b>119 229</b>	<b>119 229</b>	<b>119 229</b>	<b>120 756</b>	<b>122 366</b>	<b>124 065</b>

The municipality holds short-term investments. The total investments as at 28 February 2018 totaled R159 021 130. Unspent grants as at 28 February 2018 equaled to R17 149 071 leaving cash and cash equivalents available at 28 February 2018 at R141 872 059. The fixed cost per month is estimated at R6 million.

Investment Register:

# UBuhlebezwe Municipality Draft Budget 2018/2019

UBUHLEBEZWE MUNICIPALITY												
2017 - 2018 Financial Year												
Investment Register for February 2018												
												
Institution	Acc No	Acc Type	Maturity Date	Interest Rate (% pa)	(Withdrawals) (Bank charges)	Deposits	Accumulated Investment	Interest Eamed	Interest Accrued	% Per Investm	% Invested Per Bank	
ABSA Bank - Small T	2074566678	Account closed							-	-	0.16	
ABSA Bank - Small T	2074567242	1 Month - Fixed C	28-Feb	7.20			12,641,437	532,372.39	53,031.70	0.08		
ABSA Bank - Electrifi	2075113660	1 Month - Fixed C	1-Mar	7.21			12,144,318	511,437.04	50,946.24	0.08		
ABSA Bank	2075702582	Account closed	2-Mar	7.20			-	-	-	-		
ABSA Bank	2076191891	3 Months - Fixed	3-Mar	7.45			-	-	-	-		
First National Bank	62 1438 9598 8	Call Account	4-Mar	3.90		5,000,000.00	5,704,269	53,933.55	-	0.04	0.16	
First National Bank	62 2481 6621 8	Call Account	5-Apr	3.90			656,573	17,125.17	1,473.24	0.00		
First National Bank	74617848129	14 days - Call Acc	6-Apr	3.90			5,546,702	264,156.03	592.66	0.03		
First National Bank	74,590,521,793	3 Months - Fixed	7-Apr	3.90			6,350,563	328,595.33	15,606.73	0.04		
First National Bank	74,661,532,603	3 Months - Fixed	8-Apr				-	-	-	-		
NED Bank	7881076763 / 107	3 Months - Fixed	9-Apr	7.55			10,383,935	383,935.33	63,583.82	0.07	0.17	
NED Bank	7881076763 / 101	3 Months - Fixed	10-Apr	7.80			5,793,544	316,193.77	49,665.75	0.04		
NED Bank	7881 0767 63 /105	3 Months - Fixed	11-Mar	7.80			5,484,122	484,121.69	47,013.20	0.03		
NED Bank	7881 0767 63 /112	4 Months - Fixed	12-Feb	7.80	-		5,000,000	-	74,958.90	0.03		
STD Bank - Equit. Sh	068730276 - 001	1 Month - Fixed C	13-Feb	6.35			108,183	58,458.48	470.52	0.00	0.22	
STD Bank - Equit. Sh	068730276 - 004	3 Months - Fixed	14-Feb	3.90			11,222,674	493,534.94	44,368.00	0.07		
STD Bank - Equit. Sh	068730276 - 005	1 Month - Fixed C	15-Apr	3.90			13,084,756	576,187.82	51,729.60	0.08		
STD Bank - Equit. Sh	068730276 - 008	3 Months - Fixed	16-Apr	3.90			14,287	431.09	22.90	0.00		
STD Bank - Equit. Sh	068730276 - 006	3 Months - Fixed	17-Apr	7.72	-5,130,797.76	5,130,797.76	5,230,753	230,753.43	2,214.40	0.03		
STD Bank - Equit. Sh	068730276 - 007	3 Months - Fixed	18-Feb	7.72			5,161,870	161,869.78	40,426.92	0.03		
Investec - Equit. Sh	1100539353450	3 Months - Fixed	19-Feb	7.52			5,513,500	271,497.66	31,721.50	0.03	0.17	
Investec - Equit. Sh	1100539353452	3 Months - Fixed	20-Feb	7.76			10,458,852	275,081.13	60,655.61	0.07		
Investec - Equit. Sh	1100539353451	3 Months - Fixed	21-Feb	7.40			10,919,991	514,477.93	63,550.04	0.07		
Investec - Equit. Sh	50011092081	3 Months - Fixed	22-Feb	7.76			-	-	-	-		
Investec - Equit. Sh	50011092081	4 Months - Fixed	23-Mar	7.35			-	-	-	-		
Ithala Bank - Equit. S	46165206	3 Months - Fixed	24-Mar	7.70			5,190,868	190,867.53	57,606.91	0.03	0.13	
Ithala Bank	46167195	4 Months - Fixed	25-Apr	7.35	-		5,000,000	-	73,500.00	0.03		
Ithala Bank	46158003	1 Month - Fixed C	26-Feb	7.35			5,702,441	311,535.97	15,029.43	0.04		
Ithala Bank	46165339	3 Months - Fixed	27-Mar	7.40			5,193,853	193,857.66	213.45	0.03		
						-5,130,797.76	10,130,797.76	152,507,489	6,170,423.72	798,381.52	0.96	1.00
First National Bank	52 5524 1619 4	Current Account	28-Feb				6,513,641	69,980	6,240,404	0.04		
Cash and Cash Equivalent						-5,130,797.76	159,021,130	6,240,404			1.00	

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

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence, the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be funded
- As part of the budgeting and planning guidelines that informed the compilation of the 2018/2019 MTREF the end objective of the medium framework was to ensure the budget is funded aligned to section 18 of the MFMA.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2018/2019 MTREF is funded.

# UBuhlebezwe Municipality Draft Budget 2018/2019

KZN434 Ubuhebezwe - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	81,970	103,230	118,301	72,419	119,229	119,229	119,229	120,756	122,366	124,065
Other current investments > 90 days		(0)	(0)	(0)	43,774	1,104	1,104	1,104	(26,352)	(22,864)	(19,090)
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		81,970	103,230	118,301	116,192	120,332	120,332	120,332	94,404	99,502	104,975
Application of cash and investments											
Unspent conditional transfers		—	—	—	—	—	—	—	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	—	—	—	—	—	—	—
Other working capital requirements	3	(11,431)	(11,242)	—	(2,122)	25,045	25,045	(1,402)	(13,264)	(13,980)	(14,749)
Other provisions		—	—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
Total Application of cash and investments:		(11,431)	(11,242)	—	(2,122)	25,045	25,045	(1,402)	(13,264)	(13,980)	(14,749)
Surplus(shortfall)		93,401	114,472	118,301	118,314	95,287	95,287	121,734	107,668	113,482	119,724

## 1.7.9 Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality is working towards meeting both of these recommendations but the budget for UBuhlebezwe is adequate to secure the ongoing health of the municipality's infrastructure.
- UBuhlebezwe municipality has resolved to utilize internal staff when renewing assets where feasible. This has also reduced the cost of renewal of assets whilst assets are still being renewed. This was done in order to ensure that assets are renewed whilst lesser budget is allocated towards renewal. The cost of renewal is therefore embedded in the salaries of staff members.

# UBuhlebezwe Municipality Draft Budget 2018/2019

KZN434 Ubuhebezwe - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
<b>Total Assets</b>	1	-	-	-	41 947	37 037	41 947	25 571	26 951	28 464
Roads Infrastructure		-	-	-	27 387	24 170	27 387	1 850	1 949	2 057
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	4 000	4 000	4 000	5 000	5 270	5 560
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	11 713	12 345	13 024
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	31 387	28 170	31 387	18 562	19 564	20 641
Community Facilities		-	-	-	470	470	470	1	1	1
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	470	470	470	1	1	1
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	200	211	222
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	200	211	222
Operational Buildings		-	-	-	3 640	2 441	3 640	500	527	556
Housing		-	-	-	-	-	-	12	13	13
<b>Other Assets</b>		-	-	-	3 640	2 441	3 640	512	540	569
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	560	500	560	4 550	4 796	5 059
<b>Intangible Assets</b>		-	-	-	560	500	560	4 550	4 796	5 059
Computer Equipment		-	-	-	1 733	2 033	1 733	250	264	278
Furniture and Office Equipment		-	-	-	829	499	829	508	535	595
Machinery and Equipment		-	-	-	2 029	1 625	2 029	278	293	309
Transport Assets		-	-	-	1 300	1 300	1 300	710	748	789
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	260	556	260	857	903	953
Roads Infrastructure		-	-	-	-	-	-	757	798	842
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	757	798	842
Community Facilities		-	-	-	260	556	260	100	105	111
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	260	556	260	100	105	111
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	6	-	-	-	40 803	18 227	40 803	27 532	28 959	30 615
Roads Infrastructure		-	-	-	-	-	-	11 140	11 741	12 387
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	20 000	0	20 000	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	20 000	0	20 000	11 140	11 741	12 387
Community Facilities		-	-	-	1 510	2 957	1 510	168	117	187
Sport and Recreation Facilities		-	-	-	9 148	7 124	9 148	1 694	1 785	1 884
<b>Community Assets</b>		-	-	-	10 658	10 082	10 658	1 862	1 903	2 071
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	10 060	8 060	10 060	14 500	15 283	16 124
Housing		-	-	-	-	-	-	30	32	33
<b>Other Assets</b>		-	-	-	10 060	8 060	10 060	14 530	15 315	16 157
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	85	85	85	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	27 387	24 170	27 387	13 747	14 489	15 286
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	24 000	4 000	24 000	5 000	5 270	5 560
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	11 713	12 345	13 024
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	51 387	28 170	51 387	30 459	32 104	33 870
Community Facilities		-	-	-	2 240	3 983	2 240	269	223	299
Sport and Recreation Facilities		-	-	-	9 148	7 124	9 148	1 694	1 785	1 884
<b>Community Assets</b>		-	-	-	11 388	11 108	11 388	1 963	2 009	2 182
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	200	211	222
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	200	211	222
Operational Buildings		-	-	-	13 700	10 501	13 700	15 000	15 810	16 680
Housing		-	-	-	-	-	-	42	44	47
<b>Other Assets</b>		-	-	-	13 700	10 501	13 700	15 042	15 854	16 726
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	560	500	560	4 550	4 796	5 059
<b>Intangible Assets</b>		-	-	-	560	500	560	4 550	4 796	5 059
Computer Equipment		-	-	-	1 818	2 118	1 818	250	264	278
Furniture and Office Equipment		-	-	-	829	499	829	508	535	595
Machinery and Equipment		-	-	-	2 029	1 625	2 029	278	293	309
Transport Assets		-	-	-	1 300	1 300	1 300	710	748	789
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		-	-	-	83 010	55 820	83 010	53 960	56 813	60 032
ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	-	-	-	-	-	-

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

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. The Municipality continues to make good progress with the eradication of backlogs:
- The number of household registered for indigent in 2018/2019 is expected to increase therefore entitled to receiving Free Basic Services, this is covered by municipality's equitable share.

# UBuhlebezwe Municipality Draft Budget 2018/2019

KZN434 Ubuhebezwe - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	3,133	3,290	3,471
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	10,035	10,537	11,116
Using public tap (at least min.service level)	2	-	-	-	-	-	-	2,394	2,514	2,652
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	15,562	16,340	17,239
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	10,670	11,204	11,820
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	10,670	11,204	11,820
<b>Total number of households</b>	5	-	-	-	-	-	-	26,232	27,544	29,058
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	1,857	1,950	2,057
Flush toilet (with septic tank)		-	-	-	-	-	-	2,861	3,004	3,169
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	1,556	1,634	1,724
Other toilet provisions (> min.service level)		-	-	-	-	-	-	6,488	6,812	7,187
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	12,762	13,400	14,137
Bucket toilet		-	-	-	-	-	-	1,766	1,854	1,956
Other toilet provisions (< min.service level)		-	-	-	-	-	-	5,486	5,760	6,077
No toilet provisions		-	-	-	-	-	-	6,217	6,528	6,887
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	13,469	14,142	14,920
<b>Total number of households</b>	5	-	-	-	-	-	-	26,231	27,543	29,057
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min.service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		-	-	-	1,346	1,346	1,346	1,419	1,419	1,419
<i>Minimum Service Level and Above sub-total</i>		-	-	-	1,346	1,346	1,346	1,419	1,419	1,419
Removed less frequently than once a week		-	-	-	-	-	-	1,419	1,419	1,419
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	1	-	1	2	2	2
No rubbish disposal		-	-	-	-	1	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	1	1	1	1,421	1,421	1,421
<b>Total number of households</b>	5	-	-	-	1,347	1,347	1,347	2,839	2,839	2,839
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	65	65	65	69	69	69
Refuse (removed once a week for indigent households)		-	-	-	7	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	72	65	65	69	69	69
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		-	-	-	21,465	21,465	21,465	22,624	22,624	22,624
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	1,254	1,254	1,254	1,322	1,322	1,322
Refuse (average litres per week)		-	-	-	1,401	1,401	1,401	1,477	1,477	1,477
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	1,241	1,241	1,241	1,308	1,308	1,308
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	0	0	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	1,309	1,309	1,309	1,380	1,380	1,380
Refuse (in excess of one removal a week for indigent households)		-	-	-	250	250	250	264	264	264
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		-	-	-	2,800	2,800	2,800	2,951	2,951	2,951

## PART 2

### 2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a

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Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Executive Committee members, the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

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

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

## **2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTERGRATED DEVELOPMENT PLAN**

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

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



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- The review of the performance management and monitoring processes.

The details of all revenue, operational expenditure and capital expenditure which are aligned to the goals and action plans in the Integrated Development Plan are outlined in the supporting documentation **S4 to S6**.

## **2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS**

### ***Borrowing Management***

The municipality currently does not have external borrowings. The municipality's credit worthiness has not been assessed; however, there are no plans to utilize this facility in the next two years

### ***Debtors and Creditor's Management***

Creditors are paid twice a month in order to cater for SMME's and in order to avoid late payments thereby incurring interests.

The Credit Control and Debt collection policy was adopted in order to tighten up debt collection. Furthermore, the municipality utilizes services of debt collectors to collect from all defaulting debtors.

## **2.4 OVERVIEW OF BUDGET RELATED-POLICIES**

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

- Credit Control and debts Collection policies
- Asset Management Policy
- Budget Policy
- Supply Chain Management Policy
- Virement Policy
- Cash Management and Investment Policy
- Property Rate Policy
- Indigent Policy

All the above policies are available on the municipality's website.

## **2.5. OVERVIEW OF BUDGET ASSUMPTIONS**

The Draft budget was prepared in accordance with guidelines and assumptions as outlined in Municipal Budget and Reporting Regulations, taking into consideration the following aspects:

- National budget assumptions, guidelines and projections;
- Alignment with national and provincial priorities;
- Headline inflation and gross domestic products forecasts; and
- Revenue assumptions with regard to grants allocation in terms of revised DORA.
- Anticipated own revenue from rates and services charges, sundry charges and other revenues and affordability of ratepayers and consumers services;
- The ability of municipality to collect revenue (payment level);
- Operating expenditure cost drivers and growth thereof;
- Capital budget funding model;
- Protecting the poor by ensuring access to basic services

## **2.6 OVERVIEW OF BUDGET FUNDING**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from grant funding. Other funding is derived from Property rates, drivers licences, investments, rentals and operating and capital grants and other minor charges (such as building plan fees, licenses and permits etc).

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

- Growth in the municipal area and economic development;
- Revenue management and enhancement;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels such as Town planning.

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## **2.7 ANNUAL BUDGETS AND SDBIPs –INTERNAL DEPARTMENT**

## **2.8 CONTRACTS HAVING BUDGETARY IMPLICATIONS**

The municipality does not have contracts that go beyond the current Draft budget year and the two outer years.

In terms of the municipality's supply chain management policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the bid evaluation and adjustment committees must obtain formal financial comments from the Financial Management Division of the Budget and Treasury Office Department.

## **2.9 LEGISLATION COMPLIANCE STATUS**

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

- **Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed interns undergoing training in various divisions of the Financial Services Department.

- **Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

- **Audit Committee**

An Audit Committee has been established and is fully functional.

- **Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

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**2.10 SIGNED MUNICIPAL MANAGER'S QUALITY CERTIFICATE HAS BEEN ATTACHED**

**Budget and Treasury Department**

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