

# **20212022UBuhlebezwe Municipality Final Budget 2021/2022**

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## **COUNCIL MEETING**

### **REPORT TO COUNCIL ON FINAL ANNUAL BUDGET**

**Date** : 27 May 2021

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

**1. Author** : SY Sityata

#### **2. PURPOSE**

The purpose of this report is to seek approval from Council for the final budget for 2021/2022 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 final budget to council 30 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 6.5) which is an MSCOA compliant budget.

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The budget document is attached.

## **6. STAFF IMPLICATIONS**

The document was prepared by the staff in the BTO.

## **7. FINANCIAL IMPLICATIONS**

- Budget will be implemented in the 2021/2022 financial year

## **8. OTHER PARTIES CONSULTED**

- Exco / Office of the Municipal Manager
- All relevant departments.

## **9. RECOMMENDATIONS**

- That Council approves the final budget for 2021/2022 financial year for onward submission to National and Provincial Treasury as well as communities for comments.

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2021/2022**

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**SCHEDULE OF FINAL ANNUAL BUDGET AND SUPPORTING  
DOCUMENTATION OF**

**UBUHLEBEZWE MUNICIPALITY**

**2021/2022 MEDIUM TERM REVENUE AND EXPENDITURE  
FORECASTS**

**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)**

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## **Part 1 –Final Annual Budget**

### **MAYORAL BUDGET SPEECH**

- Mr Speaker, Cllr T Dlamini;
- Deputy Mayor, Cllr CZ Mngonyama
- Colleagues in the Executive Committee
- Chairperson to MPAC
- Fellow Councillors
- oNdabezitha/ Amakhosi
- All Distinguished Guests present;
- The entire Management led by the Municipal Manager
- Ladies and Gentleman, and everyone present Good day
- 

**GOOD MORNING**

**SANIBONA**

**GOEIE MORE**

**DUMELANG,**

**ASALAAM WALEKOM**

**NAMASTE**

**SHALOM**

IT is with great honour and privilege for me to be given an opportunity to present this final budget of UBuhlebezwe Municipality for the year 2019/20 and three outer years in this house.

I am therefore presenting this budget as charged by the Municipal Finance Management Act, Act 53 Of 2006.

I am honoured to be given this opportunity to present this Budget Speech to this house today. This speech comes shortly after our country celebrated 25 years since the demise of racist apartheid regime and our democratic order was ushered in.

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It also comes shortly after the May 8 general elections which will usher in the sixth democratic administration and soon after this gathering we will be witnessing the inauguration of the democratic president of our country, Mr Cyril Ramaphosa to be held on the 25<sup>th</sup> of May 2019.

It would be amiss on us if we don't congratulate the millions of South Africans who braved the heat and bad weather to go out and vote for a government of their choice. We say to you that your contribution is greatly appreciated.

Having said the above, we must also add our concerns or alarm call for the low voter turnout, especially the young generation which never bothered to register and vote on May 8. We call on the Independent Electoral Commission of South Africa (IEC) and other government agencies to double their effort in trying to bring these and other voters to exercise their rights and come to cast their votes in the ballot box. We in Ubhlebezwe Local Municipality will play our part in this endeavours.

We also wish the African National Congress (ANC) and President Cyril Ramaphosa for the fresh mandate given to them by the voters. We hope that they will use this mandate to galvanise the country to a greater economic growth, creating jobs and ending poverty and inequality.

This budget speech comes at the time when our country, South Africa, is facing a number of challenges and opportunities. The challenges include the rising fuel prices and the attendant high cost of foods and other goods consumed by our people. It also comes when the country is facing low economic growth and a huge unemployment problem.

It also comes at the time when the country is facing new challenges in the form of 4<sup>th</sup> Industrial Revolution which will propel the world towards a future characterized by, among other things, the artificial intelligence where robots will be taking away jobs that were traditionally done by humans. Our country and, by extension, our municipalities must prepare themselves for this eventuality by preparing our staff and our people by skilling them to respond to this challenge and take advantages of the low hanging fruits that comes with it.

The world, as we know it, is changing and the change is very fast and all-consuming!

But not everything is all doom and gloom. There are many good stories to tell. One of the glorious leader of our people, the great Oliver Tambo, delivered a speech at the Georgetown University on January 27, 1987 that rang true then and still rings true today.

He said, and I quote: *"We seek to create a united Democratic and non-racial society. We have a vision of South Africa in which black and white shall live and work together as equals in conditions of peace and prosperity. Using the power, you derive from the*

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*discovery of the truth about racism in South Africa, you will help us to remake our part of the world into a corner of the globe on which all of which all of humanity can be proud."*

We are still using this and other visions of our leaders as our guiding principle as we move forward. Our municipality, for example, is continuing in its stride to change the lives of all the people living under the Ubhlebezwe Local Municipality for the better, regardless of race, creed or gender.

## **This budget**

In this budget we are continuing our efforts to improve people lives by embarking on projects that will make a difference.

For an example, electrification has been allocated a budget of R13 million. But this has been topped up by our internal funding of R10.3 million, making it R23.3 million. This is to ensure that more households can have electricity as we believe that electricity is one of the determining factor of development and service delivery.

We have also allocated a whopping R58 million for housing project to build houses for our people. We feel that this would go some distance in improving the lives of our people and restoring the dignity of those who do not have decent homes at the moment.

Ubhlebezwe Local Municipality has also undertaken an effort and has also budgeted to buy municipal Plant and equipment. These plants and equipment will help to build roads and provide access for people. Clearly, it also mark the support of cost containment measures implemented by national treasury to reduce gratuitous costs of hiring equipment, it was also done to enhance service delivery to all of our people.

Mr Speaker, please allow me to present this budget in its entirety.

The budget is prepared according to the National Treasury guidelines, the budget reforms as well as circular 94 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 a budget that is MSCOA compliant as at 1 July 2017. Any form of change is never easy; however, the municipality has pushed 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.

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## SUMMARY OF THE BUDGET

Operational Budget	R 166 234 000
Capital Budget	<u>R 44 995 000</u>
Total Budget	<b><u>R 211 229 000</u></b>

### Funding the budget – Conditional and Unconditional grants

Description	Allocation 2021	Allocation 2022	Variance	Increase/ Decrease
Equitable Share	R 138 604 000	R 121 143 000	R17 461 000	↓
Electrification	R 9 000 000	R 10 000 000	R 1 000 000	↑
Finance Management Grant	R 1 900 000	R 1 920 000	R 20 000	↑
EPWP	R 1 903 000	R 2 131 000	R 228 000	↑
Library Grant	R 905 000	R 935 000	R 30 000	↑
Library Cyber	R 226 000	R 242 000	R 16 000	↑
MIG	R 26 431 000	R 28 262 000	R 1 831 000	↑



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## 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:*

- *That the annual budget of the municipality for the financial year 2021/2022 ; and indicative allocations for the two projected outer years 2022/2023 and 2023/2024 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

This 2021 to 2022 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

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UBuhlebezwe Municipality renders services to their local community in a financially sustainable manner.

## 1.3.2 Past performance

UBuhlebezwe Municipality has regressed in terms of the audit opinion. This is something we are not proud of and we shall continue to strive for a clean audit as we have done in the past years. 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 2021/2022 final budget and medium term revenue and expenditure framework:

**Table 1 Consolidated Overview of the 2021/2022**

KZN434 UBuhlebezwe - Table A1 Budget Summary										
Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Financial Performance</b>										
Property rates	12 771	25 178	38 921	23 573	21 243	21 243	21 243	22 999	23 965	25 019
Service charges	2 037	2 268	2 779	3 300	3 300	3 300	3 300	3 391	3 533	3 689
Investment revenue	11 002	13 027	11 107	12 000	8 000	8 000	6 257	9 000	9 378	9 791
Transfers recognised - operational	119 114	138 116	115 582	122 063	143 638	143 638	142 815	126 371	131 792	128 441
Other own revenue	6 705	6 545	5 124	7 122	6 874	6 874	5 291	6 006	6 258	6 533
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>151 629</b>	<b>185 134</b>	<b>173 513</b>	<b>168 058</b>	<b>183 054</b>	<b>183 054</b>	<b>178 906</b>	<b>167 766</b>	<b>174 925</b>	<b>173 473</b>

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## **2021/2022**

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Total operating revenue has decreased by 8% from the adjustments budget of 2020/2021. Furthermore, the Equitable Share has decreased by R17.461 million compared to the adjustment budget. The effect was to accommodate the pandemic.

Total operating expenditure for the 2021/2022 financial year has been appropriated at R186 million including Non-Cash Items of R32 000 000. This therefore translates into a shortfall of R18.8 million. When compared to the 2020/2021 Adjustments Budget, operational expenditure has decreased by R15 489 000 which is 8.5% of the adjustments budget. Whilst other operational grants, like the FMG and Library grant increased.

The capital budget of R44 995 000 for 2021/2022 which is R 23 855 00 less from adjustment budget, this is due to the municipality trying to save for further possible pandemic financial effects realised in the previous year .Capital budget is mainly funded by Internally generated funds.

### **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. Efficient revenue management, which aims to ensure an 80 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 2019/2020 MTREF (classified by main revenue source):

# 2021/2022 UBuhlebezwe Municipality Final Budget 2021/2022

KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue By Source</b>											
Property rates	2	12 771	25 178	38 921	23 573	21 243	21 243	21 243	22 999	23 965	25 019
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 037	2 268	2 779	3 300	3 300	3 300	3 300	3 391	3 533	3 689
Rental of facilities and equipment		924	1 037	851	1 200	800	800	795	856	892	931
Interest earned - external investments		11 002	13 027	11 107	12 000	8 000	8 000	6 257	9 000	9 378	9 791
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 957	901	448	1 000	700	700	260	721	751	784
Licences and permits		2 710	2 885	2 139	4 069	4 915	4 915	3 316	3 964	4 131	4 313
Agency services		634	885	731	29	29	29	-	30	31	32
Transfers and subsidies		119 114	138 116	115 582	122 063	143 638	143 638	142 815	126 371	131 792	128 441
Other revenue	2	480	837	955	825	430	430	920	435	453	473
Gains		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>151 629</b>	<b>185 134</b>	<b>173 513</b>	<b>168 058</b>	<b>183 054</b>	<b>183 054</b>	<b>178 906</b>	<b>167 766</b>	<b>174 925</b>	<b>173 473</b>

The total operating revenue for 2021/2021 is R167 788 000.

- 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 2021	Allocation 2022	Variance	Increase/Decrease
<b>GRANTS</b>				
MIG	R 26 431 000	R 28 262 000	R 1 831 000	↑
<b>TOTAL</b>	<b>R 26 431 000</b>	<b>R 28 262 000</b>	<b>R 1 831 000</b>	↑
<b>OPERATIONAL GRANTS</b>				
Equitable Share	R 138 604 000	R 121 143 000	R 17 461 000	↓

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Finance Management Grant	R 1 900 000	R 1 920 000	R 20 000	↑
EPWP	R 1 903 000	R 2 131 000	R 228 000	↑
Library Grant	R 905 000	R 935 000	R 30 000	↑
Library Cyber	R 226 000	R 242 000	R 16 000	↑
Electrification	R9 000 000	R 10 000 000	R1 000 000	↑
<b>TOTAL</b>	<b>R 152 538 000</b>	<b>R136 371 000</b>	<b>R 16 167 000</b>	↓

The Current years Operational Electrification projects are as follows Per DORA:

Total Allocation per DORA	<b>10,000,000.00</b>
Kwanothi/Makinatini Electrification Phase 2 Ward 7(250 Connections)	4,500,000.00
Nhlavini Electrification Ward 9 (85 Connections)	1,530,000.00
Stofile Electrification Ward 5(119 Connections)	2,142,000.00
Infills Ward 6 (102 Connections)	1,828,000.00

Grants remain the largest revenue source.

### **HOUSING PROJECTS**

We have received the agreement from Human settlement to fund the following projects.

HSS Project Number	HSS Project Desc	Total
K06110002/1	K06110002 Ithubalethu - Phase 1	R 7,769,726.16
K12020016/1	K12020016 Emadungeni Housing Project - Phase 1	R 3,341,231.79
K12040005/1	K12040005 Kwathathani Rural Housing Project - Phase 1	R 1,455,531.61
K12080004/1	K12080004 Umfulomubi Rural Housing Project(New Annexure D) - Phase 1	R 9,360,000.00
K14050026/1	K14050026 Ufafa Rural Housing Project(New Annexure D) - Phase 1	R 10,722,363.12

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K15060002/1	K15060002 Amanyuswa Rural Housing Project - Phase 1	R 1,000,000.00
K15110005/3	K15110005 Gudlucingo Rural Housing Project - Construction of 300 units	R 12,595,244.04
K16020007/2	K16020007 Hlokozi Rural Housing Project (New Annexure D) - first 300 units	R 10,793,322.66
K16090003/1	K16090003 Ubuhlebethu Community Residential Unit - Phase 1	R 15,141,644.79
K20011126/1	Nokweja & Mazabekweni Rural Housing Project - Phase 1	R 900,000.00
		<b>R 73,079,064.17</b>

- **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 22 990 000 for the 2021/2022 financial year. The municipality has affected this increase notwithstanding the fact that the budget for rates was adjusted downwards during the adjustment budget financial year. The revenue collection strategies and data cleansing is reflecting a positive feedback.

### Comparison of proposed rates to levied for the 2021/2022 financial year

KZN434 Ubuhlebezwe - Table A1 Budget Summary										
Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Financial Performance</b>										
Property rates	12 771	25 178	38 921	23 573	21 243	21 243	21 243	22 999	23 965	25 019

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 3 399 000 for 2021/2022.

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 R3.399 000.

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

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.

KZN434 Ubuhlebezwe - Table A1 Budget Summary										
Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Financial Performance</b>										
Property rates	12 771	25 178	38 921	23 573	21 243	21 243	21 243	22 999	23 965	25 019
Service charges	2 037	2 268	2 779	3 300	3 300	3 300	3 300	3 391	3 533	3 689
Investment revenue	11 002	13 027	11 107	12 000	8 000	8 000	6 257	9 000	9 378	9 791
Transfers recognised - operational	119 114	138 116	115 582	122 063	143 638	143 638	142 815	126 371	131 792	128 441
Other own revenue	6 705	6 545	5 124	7 122	6 874	6 874	5 291	6 006	6 258	6 533
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>151 629</b>	<b>185 134</b>	<b>173 513</b>	<b>168 058</b>	<b>183 054</b>	<b>183 054</b>	<b>178 906</b>	<b>167 766</b>	<b>174 925</b>	<b>173 473</b>

- Rental**

This refers to rental for municipal facilities, the municipality budgeted the amount of R1 080 000.

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- **Traffic Fines**

Traffic Fines budgeted at R 721 000.

- **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 9 000 000, increased from R 8 000 000.

- **Licence and Permit**

The Municipality has budgeted to collect R 3 964 299 from Licence and Permit.

- **Agency Services**

The Municipality has budgeted to collect R 29 767 from Agency Services.

## **1.5 Operating Expenditure Framework**

The total operating expenditure for 2021/2022 financial year has been appropriated at R166 234 000. The Municipality's expenditure framework for the 2021/22 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
- 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.



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## Expenditure by Source Table

Employee costs	62 448	63 750	69 484	84 552	84 552	84 552	68 519	87 985	90 978	94 981
Remuneration of councillors	9 902	10 304	10 052	11 097	11 097	11 097	9 521	11 097	11 563	12 072
Depreciation & asset impairment	26 576	23 978	34 023	23 188	28 000	28 000	31 871	32 000	33 344	34 811
Finance charges	3	2	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	-	-	-	1 121	1 155	1 155	582	1 319	1 374	1 434
Transfers and grants	2 200	34 901	8 536	3 845	11 975	11 975	5 382	4 444	4 630	4 834
Other expenditure	56 992	42 059	40 996	50 329	46 099	46 099	32 575	49 713	52 036	54 315
<b>Total Expenditure</b>	<b>158 121</b>	<b>174 995</b>	<b>163 091</b>	<b>174 133</b>	<b>182 879</b>	<b>182 879</b>	<b>148 451</b>	<b>186 558</b>	<b>193 926</b>	<b>202 449</b>
<b>Surplus/(Deficit)</b>	<b>(6 492)</b>	<b>10 140</b>	<b>10 422</b>	<b>(6 074)</b>	<b>176</b>	<b>176</b>	<b>30 455</b>	<b>(18 791)</b>	<b>(19 000)</b>	<b>(28 976)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	27 330	31 316	33 358	26 759	26 431	26 431	20 362	28 262	30 291	31 503
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>20 838</b>	<b>41 456</b>	<b>43 780</b>	<b>20 685</b>	<b>26 607</b>	<b>26 607</b>	<b>50 817</b>	<b>9 471</b>	<b>11 291</b>	<b>2 527</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>20 838</b>	<b>41 456</b>	<b>43 780</b>	<b>20 685</b>	<b>26 607</b>	<b>26 607</b>	<b>50 817</b>	<b>9 471</b>	<b>11 291</b>	<b>2 527</b>

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- **Employee Related Costs**

This refers to the salaries and benefits paid to employees, currently the municipality has tentatively budgeted **5%** for salary increases. The proposed total cost to employer amount to R87 985 000. This amount excludes the Councilors Remuneration which is R11 097 000. 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 2021/2022 financial year this amount equates to R2 172 000. 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 R32 000 000 for the 2021/2022 financial year.

- **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 6 598 894 has been budgeted for 2021/2022

- **Contracted Services**

The budget of R 17 922 000 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 service, the households are required to register in terms of the Municipality's Indigent Policy. The budget of R 1 390 000 has been set aside.

- **Other Expenditure**

Other expenditure is the general expenditure incurred by the municipality for its operations, the amount of R25 454 000 is projected.

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## **1.6 Capital expenditure**

Capital expenditure funding is funded by grants which is an amount of R28 262 000 from MIG and Other expenditure of R16 733 000 is funded from internally generated funds.

### **Summary of Capital Expenditure**

MIG	R 28 262 000
Internal Funded	R 16 733 000
<b>Total</b>	<b>R 44 995 000</b>

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

## **1.7 Annual Budget Tables:**

**1.7.1 Explanatory notes to MBRR Table A1-Budget Summary for 2021/2022 Financial year.**

# 2021/2022 Ubuhebezwe Municipality Final Budget

## 2021/2022

KZN434 Ubuhebezwe - Table A1 Budget Summary										
Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	12 771	25 178	38 921	23 573	21 243	21 243	21 243	22 999	23 965	25 019
Service charges	2 037	2 268	2 779	3 300	3 300	3 300	3 300	3 391	3 533	3 689
Investment revenue	11 002	13 027	11 107	12 000	8 000	8 000	6 257	9 000	9 378	9 791
Transfers recognised - operational	119 114	138 116	115 582	122 063	143 638	143 638	142 815	126 371	131 792	128 441
Other own revenue	6 705	6 545	5 124	7 122	6 874	6 874	5 291	6 006	6 258	6 533
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>151 629</b>	<b>185 134</b>	<b>173 513</b>	<b>168 058</b>	<b>183 054</b>	<b>183 054</b>	<b>178 906</b>	<b>167 766</b>	<b>174 925</b>	<b>173 473</b>
Employee costs	62 448	63 750	69 484	84 552	84 552	84 552	68 519	87 985	90 978	94 981
Remuneration of councillors	9 902	10 304	10 052	11 097	11 097	11 097	9 521	11 097	11 563	12 072
Depreciation & asset impairment	26 576	23 978	34 023	23 188	28 000	28 000	31 871	32 000	33 344	34 811
Finance charges	3	2	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	-	-	-	1 121	1 155	1 155	582	1 319	1 374	1 434
Transfers and grants	2 200	34 901	8 536	3 845	11 975	11 975	5 382	4 444	4 630	4 834
Other expenditure	56 992	42 059	40 996	50 329	46 099	46 099	32 575	49 713	52 036	54 315
<b>Total Expenditure</b>	<b>158 121</b>	<b>174 995</b>	<b>163 091</b>	<b>174 133</b>	<b>182 879</b>	<b>182 879</b>	<b>148 451</b>	<b>186 558</b>	<b>193 926</b>	<b>202 449</b>
<b>Surplus/(Deficit)</b>	<b>(6 492)</b>	<b>10 140</b>	<b>10 422</b>	<b>(6 074)</b>	<b>176</b>	<b>176</b>	<b>30 455</b>	<b>(18 791)</b>	<b>(19 000)</b>	<b>(28 976)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	27 330	31 316	33 358	26 759	26 431	26 431	20 362	28 262	30 291	31 503
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>20 838</b>	<b>41 456</b>	<b>43 780</b>	<b>20 685</b>	<b>26 607</b>	<b>26 607</b>	<b>50 817</b>	<b>9 471</b>	<b>11 291</b>	<b>2 527</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>20 838</b>	<b>41 456</b>	<b>43 780</b>	<b>20 685</b>	<b>26 607</b>	<b>26 607</b>	<b>50 817</b>	<b>9 471</b>	<b>11 291</b>	<b>2 527</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>279</b>	<b>35 709</b>	<b>53 797</b>	<b>59 169</b>	<b>68 350</b>	<b>68 350</b>	<b>95 583</b>	<b>46 495</b>	<b>48 445</b>	<b>50 576</b>
Transfers recognised - capital	-	20 961	25 502	26 759	26 830	26 830	43 439	27 762	28 925	30 198
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	<b>279</b>	<b>14 748</b>	<b>28 295</b>	<b>32 410</b>	<b>41 521</b>	<b>41 521</b>	<b>52 144</b>	<b>18 733</b>	<b>19 520</b>	<b>20 378</b>
<b>Total sources of capital funds</b>	<b>279</b>	<b>35 709</b>	<b>53 797</b>	<b>59 169</b>	<b>68 350</b>	<b>68 350</b>	<b>95 583</b>	<b>46 495</b>	<b>48 445</b>	<b>50 576</b>
<b>Financial position</b>										
Total current assets	155 027	195 203	198 025	174 869	225 387	225 387	236 563	274 405	284 899	297 099
Total non current assets	272 953	300 200	313 979	59 169	365 134	365 134	935 480	346 818	362 725	380 093
Total current liabilities	(36 464)	31 222	31 306	-	(52 960)	(52 960)	(88 871)	1 451	154 294	161 083
Total non current liabilities	6 089	4 668	4 644	-	7 142	7 142	(4 644)	7 142	7 442	7 769
Community wealth/Equity	366 197	404 357	404 357	832 050	661 371	661 371	(749 913)	690 219	718 174	749 438
<b>Cash flows</b>										
Net cash from (used) operating	771	(264)	56 082	274 721	125 754	125 754	131 986	30 301	184 729	183 596
Net cash from (used) investing	-	-	-	-	-	-	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>13 715</b>	<b>12 680</b>	<b>79 089</b>	<b>461 895</b>	<b>274 594</b>	<b>274 594</b>	<b>154 993</b>	<b>249 883</b>	<b>434 612</b>	<b>618 208</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	134 820	155 484	148 854	198 227	164 840	164 840	199 246	183 957	191 003	199 438
Application of cash and investments	(36 065)	35 721	(1 691)	16 050	(78 307)	(78 307)	(151 768)	(47 978)	102 788	107 311
<b>Balance - surplus (shortfall)</b>	<b>170 885</b>	<b>119 763</b>	<b>150 545</b>	<b>182 177</b>	<b>243 147</b>	<b>243 147</b>	<b>351 015</b>	<b>231 935</b>	<b>88 215</b>	<b>92 127</b>
<b>Asset management</b>										
Asset register summary (WDV)	272 953	300 200	313 979	59 169	365 134	365 134	365 134	346 818	362 725	380 093
Depreciation	21 273	20 793	29 903	23 188	28 000	28 000	28 000	32 000	33 344	34 811
Renewal and Upgrading of Existing Assets	-	18 023	20 529	12 174	10 347	10 347	10 347	11 850	12 348	12 891
Repairs and Maintenance	3 107	733	511	1 428	1 449	1 449	1 449	1 905	1 985	2 072
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	(13)	(1 274)	(7 073)	8 721	11 051	11 051	9 551	9 551	9 952	10 390
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

- Table A1 is a budget summary and provides a concise overview of Ubuhebezwe Local Municipality's budget from all the major financial

# **2021/2022 UBuhlebezwe Municipality Final Budget**

## **2021/2022**

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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)**

# 2021/2022 Ukhuhlebezwe Municipality Final Budget

## 2021/2022

KZN434 Ukhuhlebezwe - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue - Functional</b>	1									
<b>Governance and administration</b>		122 335	139 534	150 492	155 170	170 034	170 034	155 344	161 957	159 889
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		122 335	139 534	150 492	155 170	170 034	170 034	155 344	161 957	159 889
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		7 065	27 604	11 910	9 235	9 458	9 458	8 865	9 260	9 713
Community and social services		2 484	2 788	3 377	4 272	3 899	3 899	4 231	4 432	4 672
Sport and recreation		-	21	29	-	-	-	-	-	-
Public safety		4 581	6 614	8 504	4 963	5 559	5 559	4 633	4 828	5 040
Housing		-	18 181	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		47 495	44 496	27 544	27 112	26 693	26 693	28 429	30 465	31 685
Planning and development		67	1 975	544	287	216	216	88	92	96
Road transport		47 428	42 521	27 000	26 826	26 478	26 478	28 341	30 374	31 589
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		2 037	2 268	2 779	3 300	3 300	3 300	3 391	3 533	3 689
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 037	2 268	2 779	3 300	3 300	3 300	3 391	3 533	3 689
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	178 932	213 903	192 725	194 817	209 485	209 485	196 028	205 216	204 976
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		87 367	88 714	100 411	100 483	103 339	103 339	113 681	118 550	123 757
Executive and council		18 736	23 273	17 380	26 509	24 900	24 900	26 343	27 347	28 551
Finance and administration		65 005	67 491	82 908	73 895	78 419	78 419	87 317	91 181	95 183
Internal audit		3 626	(2 050)	123	80	20	20	21	22	23
<b>Community and public safety</b>		43 851	41 014	25 165	30 022	30 438	30 438	30 792	32 048	33 458
Community and social services		28 310	18 004	8 158	9 034	10 067	10 067	9 994	10 411	10 869
Sport and recreation		292	462	296	698	174	174	297	309	323
Public safety		13 663	3 838	15 475	18 031	17 937	17 937	18 472	19 357	20 208
Housing		1 585	18 710	1 236	2 260	2 260	2 260	2 030	1 972	2 058
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		18 221	19 876	24 165	30 291	29 978	29 978	30 116	30 356	31 692
Planning and development		6 990	8 213	12 874	14 916	14 863	14 863	14 414	14 111	14 732
Road transport		11 231	11 663	11 291	15 375	15 115	15 115	15 702	16 245	16 959
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		9 567	26 539	14 177	12 967	19 104	19 104	11 758	12 752	13 313
Energy sources		-	15 860	2 968	-	6 412	6 412	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		9 567	10 680	11 209	12 967	12 692	12 692	11 758	12 752	13 313
<b>Other</b>	4	-	246	92	370	20	20	210	219	229
<b>Total Expenditure - Functional</b>	3	159 006	176 389	164 010	174 133	182 879	182 879	186 558	193 926	202 449
<b>Surplus/(Deficit) for the year</b>		19 927	37 513	28 714	20 685	26 607	26 607	9 471	11 291	2 527

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

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

KZN434 Ubuhebezwe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue by Vote</b>										
Vote 1 - Executive & Council	1	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		122 335	139 534	150 492	155 170	170 034	170 034	155 344	161 957	159 889
Vote 3 - Community and Social Services		2 484	2 788	3 377	4 272	3 899	3 899	4 231	4 432	4 672
Vote 4 - Housing		-	18 181	-	-	-	-	-	-	-
Vote 5 - Public Safety		4 581	6 614	8 504	4 963	5 559	5 559	4 633	4 828	5 040
Vote 6 - Road Transport		47 428	42 521	27 000	26 826	26 478	26 478	28 341	30 374	31 589
Vote 7 - Waste Management		2 037	2 268	2 779	3 300	3 300	3 300	3 391	3 533	3 689
Vote 8 - Energy Services		-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		67	1 975	544	287	216	216	88	92	96
Vote 10 - Sports & Recreation		-	21	29	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>178 932</b>	<b>213 903</b>	<b>192 725</b>	<b>194 817</b>	<b>209 485</b>	<b>209 485</b>	<b>196 028</b>	<b>205 216</b>	<b>204 976</b>
<b>Expenditure by Vote to be appropriated</b>										
Vote 1 - Executive & Council	1	22 363	21 223	17 503	26 589	24 920	24 920	26 364	27 369	28 573
Vote 2 - Finance and Admin		65 005	67 491	82 908	73 895	78 419	78 419	87 317	91 181	95 183
Vote 3 - Community and Social Services		28 598	18 038	8 267	9 110	10 104	10 104	9 890	10 303	10 756
Vote 4 - Housing		1 585	18 710	1 236	2 260	2 260	2 260	2 030	1 972	2 058
Vote 5 - Public Safety		13 663	3 838	15 475	18 031	17 937	17 937	18 472	19 357	20 208
Vote 6 - Road Transport		11 231	11 663	11 291	15 375	15 115	15 115	15 702	16 245	16 959
Vote 7 - Waste Management		9 567	10 680	11 209	12 967	12 692	12 692	11 758	12 752	13 313
Vote 8 - Energy Services		-	15 860	2 968	-	6 412	6 412	-	-	-
Vote 9 - Planning & Development		6 990	8 213	12 874	14 916	14 863	14 863	14 414	14 111	14 732
Vote 10 - Sports & Recreation		5	428	187	621	138	138	281	292	305
Vote 11 - Other		-	246	92	370	20	20	210	219	229
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>159 006</b>	<b>176 389</b>	<b>164 010</b>	<b>174 133</b>	<b>182 879</b>	<b>182 879</b>	<b>186 438</b>	<b>193 801</b>	<b>202 318</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>19 927</b>	<b>37 513</b>	<b>28 714</b>	<b>20 685</b>	<b>26 607</b>	<b>26 607</b>	<b>9 591</b>	<b>11 416</b>	<b>2 658</b>
<i>References</i>										

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.

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

KZN434 Ubuhlebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	12 771	25 178	38 921	23 573	21 243	21 243	21 243	22 999	23 965	25 019
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 037	2 268	2 779	3 300	3 300	3 300	3 300	3 391	3 533	3 689
Rental of facilities and equipment		924	1 037	851	1 200	800	800	795	856	892	931
Interest earned - external investments		11 002	13 027	11 107	12 000	8 000	8 000	6 257	9 000	9 378	9 791
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 957	901	448	1 000	700	700	260	721	751	784
Licences and permits		2 710	2 885	2 139	4 069	4 915	4 915	3 316	3 964	4 131	4 313
Agency services		634	885	731	29	29	29	-	30	31	32
Transfers and subsidies		119 114	138 116	115 582	122 063	143 638	143 638	142 815	126 371	131 792	128 441
Other revenue	2	480	837	955	825	430	430	920	435	453	473
Gains		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>151 629</b>	<b>185 134</b>	<b>173 513</b>	<b>168 058</b>	<b>183 054</b>	<b>183 054</b>	<b>178 906</b>	<b>167 766</b>	<b>174 925</b>	<b>173 473</b>
<b>Expenditure By Type</b>											
Employee related costs	2	62 448	63 750	69 484	84 552	84 552	84 552	68 519	87 985	90 978	94 981
Remuneration of councillors		9 902	10 304	10 052	11 097	11 097	11 097	9 521	11 097	11 563	12 072
Debt impairment	3	4 478	5 103	7 068	2 090	2 090	2 090	376	2 172	2 263	2 362
Depreciation & asset impairment	2	26 576	23 978	34 023	23 188	28 000	28 000	31 871	32 000	33 344	34 811
Finance charges	3	-	2	-	-	-	-	-	-	-	-
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	-	-	-	1 121	1 155	1 155	582	1 319	1 374	1 434
Contracted services		13 966	15 416	12 977	21 361	17 599	17 599	12 562	20 173	21 020	21 945
Transfers and subsidies		2 200	34 901	8 536	3 845	11 975	11 975	5 382	4 444	4 630	4 834
Other expenditure	4, 5	38 534	21 056	20 746	26 878	26 410	26 410	19 637	27 369	28 753	30 008
Losses		14	484	205	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>158 121</b>	<b>174 995</b>	<b>163 091</b>	<b>174 133</b>	<b>182 879</b>	<b>182 879</b>	<b>148 451</b>	<b>186 558</b>	<b>193 926</b>	<b>202 449</b>
<b>Surplus/(Deficit)</b>											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(6 492)	10 140	10 422	(6 074)	176	176	30 455	(18 791)	(19 000)	(28 976)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	27 330	31 316	33 358	26 759	26 431	26 431	20 362	28 262	30 291	31 503
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>20 838</b>	<b>41 456</b>	<b>43 780</b>	<b>20 685</b>	<b>26 607</b>	<b>26 607</b>	<b>50 817</b>	<b>9 471</b>	<b>11 291</b>	<b>2 527</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>20 838</b>	<b>41 456</b>	<b>43 780</b>	<b>20 685</b>	<b>26 607</b>	<b>26 607</b>	<b>50 817</b>	<b>9 471</b>	<b>11 291</b>	<b>2 527</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>20 838</b>	<b>41 456</b>	<b>43 780</b>	<b>20 685</b>	<b>26 607</b>	<b>26 607</b>	<b>50 817</b>	<b>9 471</b>	<b>11 291</b>	<b>2 527</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>20 838</b>	<b>41 456</b>	<b>43 780</b>	<b>20 685</b>	<b>26 607</b>	<b>26 607</b>	<b>50 817</b>	<b>9 471</b>	<b>11 291</b>	<b>2 527</b>

Transfers recognised-operating includes the local government equitable share and other grants from national and provincial government. It is noted that the grants remain a significant and high funding source for the municipality.



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

# 2021/2022 UBuhlebezwe Municipality Final Budget

## 2021/2022

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Energy Services		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive & Council		-	552	1 158	850	1 350	1 350	1 158	50	52	54
Vote 2 - Finance and Admin	279	2 811	2 066	4 854	6 353	6 353	4 889	2 866	2 986	3 118	
Vote 3 - Community and Social Services		5 833	1 485	5 606	8 646	8 646	6 806	13 574	14 141	14 763	
Vote 4 - Housing		3 807	11 214	10 540	7 540	7 540	17 708	11 500	11 983	12 510	
Vote 5 - Public Safety		2 884	13 252	2 170	2 991	2 991	14 592	115	120	125	
Vote 6 - Road Transport		15 233	13 518	22 795	27 368	27 368	32 980	11 301	11 776	12 294	
Vote 7 - Waste Management		-	302	2 117	3 607	3 607	906	410	427	446	
Vote 8 - Energy Services		-	-	-	-	-	-	-	-	-	
Vote 9 - Planning & Development		4 590	7 086	6 965	6 891	6 891	9 627	4 352	4 535	4 734	
Vote 10 - Sports & Recreation		-	3 716	3 272	3 605	3 605	6 918	2 327	2 425	2 531	
Vote 11 - Other		-	-	-	-	-	-	-	-	-	
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>		279	35 709	53 797	59 169	68 350	68 350	95 583	46 495	48 445	50 576
<b>Total Capital Expenditure - Vote</b>		279	35 709	53 797	59 169	68 350	68 350	95 583	46 495	48 445	50 576
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		279	3 363	3 223	5 704	7 703	7 703	6 046	2 916	3 038	3 172
Executive and council		-	552	1 158	850	1 350	1 350	1 158	50	52	54
Finance and administration	279	2 811	2 066	4 854	6 353	6 353	4 889	2 866	2 986	3 118	
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	12 524	29 667	21 588	22 781	22 781	46 023	27 516	28 668	29 930
Community and social services		-	5 833	1 485	5 606	8 646	8 646	6 806	13 574	14 141	14 763
Sport and recreation		-	-	3 716	3 272	3 605	3 605	6 918	2 327	2 425	2 531
Public safety		-	2 884	13 252	2 170	2 991	2 991	14 592	115	120	125
Housing		-	3 807	11 214	10 540	7 540	7 540	17 708	11 500	11 983	12 510
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	19 822	20 605	24 755	30 367	30 367	41 328	12 053	12 559	13 112
Planning and development		-	4 590	7 086	1 960	2 998	2 998	8 349	752	784	818
Road transport		-	15 233	13 518	22 795	27 368	27 368	32 980	11 301	11 776	12 294
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	302	7 122	7 500	7 500	2 185	4 010	4 178	4 362
Energy sources		-	-	-	5 005	3 892	3 892	1 278	3 600	3 751	3 916
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	302	2 117	3 607	3 607	906	410	427	446
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	279	35 709	53 797	59 169	68 350	68 350	95 583	46 495	48 445	50 576
<b>Funded by:</b>											
National Government		-	18 077	16 434	26 759	26 431	26 431	34 053	27 762	28 925	30 198
Provincial Government		-	2 884	9 068	-	399	399	9 386	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	-	20 961	25 502	26 759	26 830	26 830	43 439	27 762	28 925	30 198
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		279	14 748	28 295	32 410	41 521	41 521	52 144	18 733	19 520	20 378
<b>Total Capital Funding</b>	7	279	35 709	53 797	59 169	68 350	68 350	95 583	46 495	48 445	50 576

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## 2021/2022

- 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.

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

KZN434 UBuhlebezwe - Table A6 Budgeted Financial Position											
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		12 949	12 976	12 963	186 227	156 840	156 840	14 376	174 957	181 625	189 647
Call investment deposits	1	121 871	142 508	135 891	12 000	8 000	8 000	184 870	9 000	9 378	9 791
Consumer debtors	1	8 864	24 715	37 173	(13 642)	34 608	34 608	34 608	67 326	70 154	73 241
Other debtors		8 877	6 236	3 529	(9 716)	17 234	17 234	(5 703)	14 772	15 393	16 070
Current portion of long-term receivables		122	118	118	-	-	-	118	-	-	-
Inventory	2	2 344	8 650	8 350	-	8 705	8 705	8 294	8 350	8 350	8 350
<b>Total current assets</b>		<b>155 027</b>	<b>195 203</b>	<b>198 025</b>	<b>174 869</b>	<b>225 387</b>	<b>225 387</b>	<b>236 563</b>	<b>274 405</b>	<b>284 899</b>	<b>297 099</b>
<b>Non current assets</b>											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		19 896	23 245	23 033	-	23 473	23 473	22 856	23 473	24 459	25 535
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	251 963	275 212	289 626	56 025	332 328	332 328	911 616	316 873	331 522	347 517
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		1 093	1 744	1 321	3 143	4 524	4 524	1 007	1 663	1 733	1 810
Other non-current assets		-	-	-	-	4 809	4 809	-	4 809	5 011	5 231
<b>Total non current assets</b>		<b>272 953</b>	<b>300 200</b>	<b>313 979</b>	<b>59 169</b>	<b>365 134</b>	<b>365 134</b>	<b>935 480</b>	<b>346 818</b>	<b>362 725</b>	<b>380 093</b>
<b>TOTAL ASSETS</b>		<b>427 979</b>	<b>495 403</b>	<b>512 004</b>	<b>234 038</b>	<b>590 521</b>	<b>590 521</b>	<b>1 172 042</b>	<b>621 223</b>	<b>647 624</b>	<b>677 191</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		32	(212)	(265)	-	-	-	(249)	-	-	-
Trade and other payables	4	(36 496)	31 434	31 572	-	(52 960)	(52 960)	(88 622)	1 451	154 294	161 083
Provisions		-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>		<b>(36 464)</b>	<b>31 222</b>	<b>31 306</b>	<b>-</b>	<b>(52 960)</b>	<b>(52 960)</b>	<b>(88 871)</b>	<b>1 451</b>	<b>154 294</b>	<b>161 083</b>
<b>Non current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		6 089	4 668	4 644	-	7 142	7 142	(4 644)	7 142	7 442	7 769
<b>Total non current liabilities</b>		<b>6 089</b>	<b>4 668</b>	<b>4 644</b>	<b>-</b>	<b>7 142</b>	<b>7 142</b>	<b>(4 644)</b>	<b>7 142</b>	<b>7 442</b>	<b>7 769</b>
<b>TOTAL LIABILITIES</b>		<b>(30 375)</b>	<b>35 890</b>	<b>35 950</b>	<b>-</b>	<b>(45 818)</b>	<b>(45 818)</b>	<b>(93 515)</b>	<b>8 593</b>	<b>161 736</b>	<b>168 852</b>
<b>NET ASSETS</b>	5	<b>458 354</b>	<b>459 514</b>	<b>476 054</b>	<b>234 038</b>	<b>636 339</b>	<b>636 339</b>	<b>1 265 558</b>	<b>612 630</b>	<b>485 888</b>	<b>508 339</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		366 197	404 357	404 357	832 050	660 998	660 998	(749 913)	690 219	718 174	749 438
Reserves	4	-	-	-	-	374	374	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>366 197</b>	<b>404 357</b>	<b>404 357</b>	<b>832 050</b>	<b>661 371</b>	<b>661 371</b>	<b>(749 913)</b>	<b>690 219</b>	<b>718 174</b>	<b>749 438</b>

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

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

# 2021/2022 UBuhlebezwe Municipality Final Budget

## 2021/2022

KZN434 Ubuhebezwe - Table A7 Budgeted Cash Flows											
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	12 306	8 822	8 822	-	13 843	14 424	15 059
Service charges		-	-	-	1 337	1 234	1 234	-	2 041	2 127	2 220
Other revenue		-	-	50 710	9 716	5 304	5 304	50 710	3 621	3 773	3 939
Transfers and Subsidies - Operational	1	-	-	6 738	224 603	238 842	238 842	78 786	209 450	217 778	218 238
Transfers and Subsidies - Capital	1	-	-	-	26 759	26 431	26 431	-	28 262	30 291	31 503
Interest		-	-	-	-	-	-	-	8 550	8 909	9 283
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		-	-	-	-	(142 904)	(142 904)	-	(147 943)	(1 374)	(1 434)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	771	(264)	(1 365)	-	(11 975)	(11 975)	2 490	(87 523)	(91 199)	(95 212)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>771</b>	<b>(264)</b>	<b>56 082</b>	<b>274 721</b>	<b>125 754</b>	<b>125 754</b>	<b>131 986</b>	<b>30 301</b>	<b>184 729</b>	<b>183 596</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		-	-	-	-	-	-	-	(44 995)	-	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44 995)</b>	<b>-</b>	<b>-</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		-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>771</b>	<b>(264)</b>	<b>56 082</b>	<b>274 721</b>	<b>125 754</b>	<b>125 754</b>	<b>131 986</b>	<b>(14 694)</b>	<b>184 729</b>	<b>183 596</b>
Cash/cash equivalents at the year begin:	2	12 944	12 944	23 007	187 174	148 840	148 840	23 007	219 582	204 888	389 617
Cash/cash equivalents at the year end:	2	13 715	12 680	79 089	461 895	274 594	274 594	154 993	204 888	389 617	573 213

- 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.

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

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## 2021/2022

KZN434 Ubuhebezwe - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	13 715	12 680	79 089	461 895	274 594	274 594	154 993	204 888	389 617	573 213
Other current investments > 90 days		121 105	142 803	69 765	(263 668)	(109 754)	(109 754)	44 254	(20 931)	(198 614)	(373 775)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>134 820</b>	<b>155 484</b>	<b>148 854</b>	<b>198 227</b>	<b>164 840</b>	<b>164 840</b>	<b>199 246</b>	<b>183 957</b>	<b>191 003</b>	<b>199 438</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		393	1 009	2 486	-	(205 159)	(205 159)	(17 927)	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(36 458)	34 711	(4 177)	16 050	126 852	126 852	(133 842)	(47 978)	102 788	107 311
Other provisions	4	-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(36 065)</b>	<b>35 721</b>	<b>(1 691)</b>	<b>16 050</b>	<b>(78 307)</b>	<b>(78 307)</b>	<b>(151 768)</b>	<b>(47 978)</b>	<b>102 788</b>	<b>107 311</b>
<b>Surplus(shortfall)</b>		<b>170 885</b>	<b>119 763</b>	<b>150 545</b>	<b>182 177</b>	<b>243 147</b>	<b>243 147</b>	<b>351 015</b>	<b>231 935</b>	<b>88 215</b>	<b>92 127</b>

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence, the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be funded
- As part of the budgeting and planning guidelines that informed the compilation of the 2021/2022 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 2021/2022 MTREF is funded.

### 1.7.9 Explanatory notes to Table A9 - Asset Management

# 2021/2022 Ubuhebezwe Municipality Final Budget

## 2021/2022

KZN434 Ubuhebezwe - Table A9 Asset Management													
Description	Ref	2017/18		2018/19		2019/20		Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24			
<b>R thousand</b>													
<b>CAPITAL EXPENDITURE</b>													
<b>Total New Assets</b>	1	279	17 686	33 268	46 995	58 003	58 003	58 003	34 645	36 097	37 685		
Roads Infrastructure			1 878	11	21 111	20 425	20 425	10 951	11 411	11 913			
Storm water Infrastructure													
Electrical Infrastructure			4 588	5 173	5 005	3 892	3 892	3 600	3 751	3 916			
Water Supply Infrastructure													
Sanitation Infrastructure													
Solid Waste Infrastructure													
Rail Infrastructure													
Coastal Infrastructure													
Information and Communication Infrastructure													
Infrastructure			6 466	5 784	26 718	24 317	24 317	14 551	15 762	15 829			
Community Facilities			7 254	13 400	5 333	5 001	5 001	13 474	14 037	14 654			
Sport and Recreation Facilities			611	3 716	3 485	3 821	3 821	2 327	2 425	2 531			
Community Assets			7 765	17 716	8 818	9 822	9 822	15 801	16 461	17 186			
Heritage Assets													
Revenue Generating													
Non-revenue Generating													
Investment properties													
Operational Buildings													
Housing			26	(284)				420	438	457			
Other Assets			26	802	7 465	3 288	3 288	420	438	457			
Biological or Cultivated Assets													
Services													
Licences and Rights			1 723	1 723	2 250	2 709	2 709	311	324	338			
Intangible Assets													
Computer Equipment			279	918	140	843	1 743	550	573	598			
Furniture and Office Equipment					648	693	693	1 885	1 964	2 051			
Machinery and Equipment			117	6 125	1 915	9 597	9 597	635	662	691			
Transport Assets			594	2 010	3 940	5 334	5 334						
Land					1 000	500	500	492	513	535			
Zoo's, Marine and Non-biological Animals													
<b>Total Renewal of Existing Assets</b>	2		13 713	18 723	11 326	8 332	8 332	10 350	10 785	11 599			
Roads Infrastructure			8 974	6 195	786	782	782	350	365	381			
Storm water Infrastructure													
Electrical Infrastructure													
Water Supply Infrastructure													
Sanitation Infrastructure													
Solid Waste Infrastructure													
Rail Infrastructure													
Coastal Infrastructure													
Information and Communication Infrastructure													
Infrastructure			8 974	6 195	786	782	782	350	365	381			
Community Facilities			37	37									
Sport and Recreation Facilities			895										
Community Assets			933	7 038									
Heritage Assets													
Revenue Generating													
Non-revenue Generating													
Investment properties													
Operational Buildings			3 807	11 489	10 540	7 540	7 540	10 000	10 420	10 878			
Housing													
Other Assets			3 807	11 489	10 540	7 540	7 540	10 000	10 420	10 878			
Biological or Cultivated Assets													
Services													
Licences and Rights													
Intangible Assets													
Computer Equipment													
Furniture and Office Equipment													
Machinery and Equipment													
Transport Assets													
Land													
Zoo's, Marine and Non-biological Animals													
<b>Total Upgrading of Existing Assets</b>	6		4 310	1 807	847	2 025	2 025	1 500	1 563	1 632			
Roads Infrastructure			4 310	792	819								
Storm water Infrastructure													
Electrical Infrastructure													
Water Supply Infrastructure													
Sanitation Infrastructure													
Solid Waste Infrastructure													
Rail Infrastructure													
Coastal Infrastructure													
Information and Communication Infrastructure													
Infrastructure			4 310	1 288	797	819	819						
Community Facilities													
Sport and Recreation Facilities													
Community Assets													
Heritage Assets													
Revenue Generating													
Non-revenue Generating													
Investment properties													
Operational Buildings				539		1 155	1 155	1 500	1 563	1 632			
Housing													
Other Assets				539		1 155	1 155	1 500	1 563	1 632			
Biological or Cultivated Assets													
Services													
Licences and Rights					50	50	50						
Intangible Assets					50	50	50						
Computer Equipment													
Furniture and Office Equipment													
Machinery and Equipment													
Transport Assets													
Land													
Zoo's, Marine and Non-biological Animals													
<b>Total Capital Expenditure</b>	4	279	35 709	53 797	59 169	68 350	68 350	46 495	48 445	50 676			
Roads Infrastructure			16 162	7 474	22 695	22 026	22 026	11 301	11 776	12 234			
Storm water Infrastructure													
Electrical Infrastructure			4 588	5 173	5 005	3 892	3 892	3 600	3 751	3 916			
Water Supply Infrastructure													
Sanitation Infrastructure													
Solid Waste Infrastructure													
Rail Infrastructure													
Coastal Infrastructure													
Information and Communication Infrastructure													
Infrastructure			19 750	12 847	27 700	25 919	25 919	14 901	15 527	16 210			
Community Facilities			7 251	13 437	5 333	5 001	5 001	13 474	14 037	14 654			
Sport and Recreation Facilities			1 406	4 717	3 485	3 821	3 821	2 327	2 425	2 531			
Community Assets			8 697	18 154	8 818	9 822	9 822	15 801	16 461	17 186			
Heritage Assets													
Revenue Generating													
Non-revenue Generating													
Investment properties													
Operational Buildings			3 807	13 114	11 900	11 828	11 828	11 920	12 421	12 967			
Housing													
Other Assets			3 807	13 114	11 900	11 828	11 828	11 920	12 421	12 967			
Biological or Cultivated Assets													
Services													
Licences and Rights													
Intangible Assets													
Computer Equipment													
Furniture and Office Equipment													
Machinery and Equipment													
Transport Assets													
Land													
Zoo's, Marine and Non-biological Animals													
<b>TOTAL CAPITAL EXPENDITURE - Asset Class</b>		279	35 709	53 797	59 169	68 350	68 350	46 495	48 445	50 676			
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	272											

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- 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.

## 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 2020/2021 is expected to increase therefore entitled to receiving Free Basic Services, this is covered by municipality's equitable share.

Revenue cost of subsidised services provided (R'000)	9								
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	(13)	(1 274)	(7 073)	8 721	11 051	11 051	11 604	12 091	12 623
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
<b>Total revenue cost of subsidised services provided</b>	<b>(13)</b>	<b>(1 274)</b>	<b>(7 073)</b>	<b>8 721</b>	<b>11 051</b>	<b>11 051</b>	<b>11 604</b>	<b>12 091</b>	<b>12 623</b>



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## **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 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

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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
- 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.

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- Credit Control and debts Collection policies
- Asset Management Policy
- Budget Policy
- Supply Chain Management Policy
- Virement Policy
- banking and Investment Policy
- Property Rate Policy
- Indigent Policy
- Bad Debt written off and Provision for bad debts Policy
- Inventory Policy
- Cost Containment Policy
- SCM Policy on Infrastructure Procurement and Delivery Management

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

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

The final 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 consumer 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).

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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.

## **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 Final 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.

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- **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.

## **2.10 MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

**Budget and Treasury Department**

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