

# UBuhlebezwe Municipality Final Budget 2020/21

---

## COUNCIL MEETING

### REPORT TO COUNCIL ON FINAL ANNUAL BUDGET

**Date** : 28 May 2020

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

1. **Author** : ACFO /MP

#### 2. **PURPOSE**

The purpose of this report is to seek approval from Council for the final budget for 2020/21 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 (Version 6.4) which is an MSCOA compliant budget.

The budget document is attached.

# UBuhlebezwe Municipality Final Budget 2020/21

---

## **6. STAFF IMPLICATIONS**

The document was prepared by the staff in the BTO.

## **7. FINANCIAL IMPLICATIONS**

- Budget will be implemented in the 2020/21 financial year

## **8. OTHER PARTIES CONSULTED**

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

## **9. RECOMMENDATIONS**

- That Council approves the final budget for 2020/21 financial year for onward submission to National and Provincial Treasury as well as communities for comments.

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

**UBUHLEBEZWE MUNICIPALITY**

**2020/2021 MEDIUM TERM REVENUE AND EXPENDITURE  
FORECASTS**

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

**Municipal library and the website**

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

# UBuhlebezwe Municipality Final Budget 2020/21

---

## Table of Contents

<b>PART 1 – FINAL ANNUAL BUDGET .....</b>	<b>3</b>
1.1 MAYOR’S REPORT .....	3-4
1.2 COUNCIL RESOLUTIONS.....	10
1.3 EXECUTIVE SUMMARY.....	8
1.4 OPERATING REVENUE FRAMEWORK.....	9
1.5 OPERATING EXPENDITURE FRAMEWORK.....	15
1.6 CAPITAL EXPENDITURE .....	18
1.7 ANNUAL BUDGET TABLES .....	19
<b>PART 2 – SUPPORTING DOCUMENTATION .....</b>	
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	31-32
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	32
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS.....	33
2.4 OVERVIEW OF BUDGET RELATED-POLICIES.....	33
2.5 OVERVIEW OF BUDGET ASSUMPTIONS .....	34
2.6 OVERVIEW OF BUDGET FUNDING .....	34
2.7 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS.....	35
2.8 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS .....	35
2.9 LEGISLATION COMPLIANCE STATUS.....	35
2.10 MUNICIPAL MANAGER’S QUALITY CERTIFICATE.....	36

***SPEAKER***

***DEPUTY MAYOR***

***COUNCILLORS***

***AMAKHOSI***

***MUNICIPAL MANAGER***

***SENIOR OFFICIALS***

***ALL PROTOCOLS OBSERVED***

I greet you all in the name of freedom and service delivery!

IT is a huge challenge that I present this budget when our municipality, our province, our country, our continent and the indeed the world are all in the midst of an unprecedented threat in form of the COVID-19 pandemic.

This epidemic has killed thousands of people across the globe, led to lockdowns and closing of factories and other production centres, leading to the loss of millions of jobs across the world.

Our region has not been immune of this pandemic and we have had to take measures to protect not only our residents and ratepayers, but also our valuable staff and the people they serve or come across on a regular basis.

However, we have heeded call by our government to continue providing services. KZN MEC for Cooperative Governance and Traditional Affairs, the Honorable Mr. Siphon Hlomuka said we must strive to deliver services even during these dark days of COVID-19.

He said and I quote: "During this difficult time we are faced with as a province, it is crucial that the sphere of local government plays its part as it is at the coalface of service delivery which is essential to the wellbeing of communities. In the engagements we have had with municipalities, we have emphasized the importance of implementing work from home measures where possible," said Hlomuka.

# UBuhlebezwe Municipality Final Budget 2020/21

---

“The success of the lockdown as announced by the President of the Country his Excellency Cyril Ramaphosa depends on all of us playing our part as the sphere of local government and the institution of traditional leadership,” added Hlomuka, I close quote.

Ubuhlebezwe Local Municipality has thus headed this call and has continued offering essential services to our people despite the COVID-19 lockdown-related constraints.

The municipality has taken all precautionary measures with regards to the safety of officials such as fumigation of offices, screening of employees, wearing of masks has been made compulsory, usage of hand sanitizers and also practicing of social distancing.

I want to take this opportunity to urge all residents and ratepayers under Ubuhlebezwe Local Municipality to play their part in ensuring that this pandemic is not spread to many people. They have to do this by adhering to all the safety standard announced by government officials. They have to upgrade their hygienic standards, wash their hands regularly and avoid big crowds. Where possible, let us stay at home and keep social distance to protect ourselves, our families, the sick and the elderly.

If anything, this pandemic has also reminded us about the urgency of having a regional hospital that will cater for the health needs of the people of Ubuhlebezwe Local Municipality.

We are holding progressive engagements and discussions with the Department of Health officials about the need of building a regional hospital as this is the only region that does not have a kind of hospital that will deal with the health issues of our people, including infant mortality rate, diabetes, TB and HIV and Aids and all other chronic disease that require a specialized services.

## ***Mister Speaker***

The administration that I lead is working very hard to change the trajectory of this municipality. We are doing so while we are delivery more services to more people than ever before.

It is true that in the past financial year this municipality obtained qualified audit opinion. But in this financial year we are working hard to progress to unqualified audit opinion.

Our team in the finance department are working very hard to find the loopholes in the system and plug these holes so that our municipality does not get the ire of the auditor general.

# UBuhlebezwe Municipality Final Budget 2020/21

---

We hope that these efforts would help this municipality to find a solid ground to get successive clean audits in the next few years.

## **Service delivery**

### ***Ladies and Gentlemen***

Let us not forget that the year 2020 marks the celebration of Harry Gwala. Ubuhlebezwe Municipality is located in the district region that was named after him.

Harry Gwala was the true servant of the people, a leader ready to defend them against the brutality of the apartheid regime and their surrogates.

I am certain that that if he was still alive today, his primary focus would have been to speed up delivery of basic services to the people.

Now that he is gone we have to pick the baton and continue where he left of. It is our duty to ensure that the ideals that Harry Gwala stood for are achieved in our lifetime.

To this end we are making progress.

Ubuhlebezwe Local Municipality will have its own Plant and equipment, all of which will greatly assist in terms of service delivery of roads, in particular. 80 km gravel roads will be maintained.

Other items, such as compactor truck and other equipment will be procured in 2020/2021 to bolster our service delivery programmes and projects.

### ***Electrification***

The municipality is embarking on a massive electrification project throughout our ward.

Street light will be implemented across all wards.

As we speak electrification of houses is sitting at 94.85%. By 2020/2021 financial year projections we will reach 100% of all household requiring electricity.

It would be remembered that only a few household, especially black households, that had electricity before 1994. So these are some of the achievements made by this municipality working together with our social partners over the years.

### ***Support for indigent households***

Ubuhlebezwe Local Municipality is a caring municipality, the one that caters for all its citizens, including the most vulnerable.

# UBuhlebezwe Municipality Final Budget 2020/21

---

This municipality will continue its programme of deferring or reducing the payment for municipal services to the indigent members of society, provided that they have all the necessary documents to prove it.

Our municipal offices are open to those who wish to apply for indigent services to those who qualify.

The advent of corona virus has exposed more people to the elements of poverty and degradation. Our municipality has joined hands with our social partners, including both the provincial and national government, to help families who are adversely affected by the COVID-19 lockdown.

## *Support for local economic development*

### **Mister Speaker**

Ubuhlebezwe Local Municipality has a number of projects aimed at propping up, supporting and sustaining local businesses.

We do this in the belief that it is better to teach a man how to fish rather than offer him a fish from time to time whenever he is hungry.

As part of the local economic development programmes, this municipality has approved an amount of over R1 097 250 million for various projects during this financial budget.

The project to receive funding include crop and livestock farming (including poultry, piggeries, cattle, sheep and goat farming), brickmaking, sewing, manufacturing and other activities.

The municipality is proud that most of these cooperatives and individual projects are owned or run by women.

### **Youth advancement and empowerment**

Ladies and gentlemen

Youth form majority of people in South Africa and. It is often said that the youth are the future of any country, of any municipality.

It is imperative that youth should be empowered in every way possible and they must be skilled sufficiently so that they are able to pick up the baton and continue the task of developing this country.

We as Ubuhlebezwe Local Municipality are doing something to enrich and empower our young people so that they do not find themselves in hopeless situation which will lead them to drug and alcohol abuse or in situations where they will contract HIV and Aids or end up in prison.



# UBuhlebezwe Municipality Final Budget 2020/21

---

Processes are underway to establish a fully-fledged youth council with its own budget specifically this financial year we embark in training 28 youth in welding through our well innovated WSP programme.

But over and above that, this municipality has set aside budgets for skills developments targeted at young people.

There are many other youth sporting and other social activities that are fully or partly sponsored this municipality.

These include the Mayoral Excellence Awards, Marathon – Promotional Material, Miss Ubuhlebezwe & Fashion Show, Community Bursaries, Back to School Campaign, Career Exhibition, Career Guidance & Apply Now Campaign, Youth Day Commemoration and Mayoral Cup.

We hope that our youth will use the opportunities offered by these and other municipal programmes to empower themselves.

Let me again revive the spirit of our late leader Harry Gwala and urge us all to unite in serving our people.

We have been encouraged by the generosity shown by South Africans of all walks of life, across racial and ethnic divide, by donating food parcels and/or feeding the needy during this COVID-19 crisis.

We hope that this spirit will continue beyond the COVID-19 crisis and will fuel us to forge a united and prosperous society.

We at Ubuhlebezwe Local Municipality, we remain steadfast in our mission of “delivering an appropriate level of service to all of our citizens by the year 2025 and alleviate poverty by promoting sustainable development through good governance and accountability.

**I THANK YOU**

# UBuhlebezwe Municipality Final Budget 2020/21

## MISTER SPEAKER

Let me now take this opportunity to present the 2020/21 in its entirety

### SUMMARY OF THE BUDGET

Operational Budget	R 174 133 000
Capital Budget	<u>R 59 169 000</u>
Total Budget	<b><u>R 233 302 000</u></b>

Funding the budget – Conditional and Unconditional grants

Description	Allocation 2020	Allocation 2021	Variance	Increase/Decrease
Equitable Share	R110 309 000	R117 008 000	R 6 699 000	↑
Electrification	R13 000 000	R15 000 000	(R2 000 000)	↑
Finance Management Grant	R 1 970 000	R1 900 000	R 70 000	↓
Business Plans Information System	R0.00	R	R	<b>New</b>
EPWP	R 1 793 000	R 1 903 000	R 110 000	↑
Library Grant	R 838 000	R 905 000	R 67 000	↑
Library Cyber	R 197 000	R 226 000	R 29 000	↑
MIG	R26 917 000	R26 759 000	R 158 000	

# UBuhlebezwe Municipality Final Budget 2020/21

## 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 2020/21 ; and indicative allocations for the two projected outer years 2021/22 and 2022/23 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 2020 to 2023 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.

# UBuhlebezwe Municipality Final Budget 2020/21

## 1.3.2 Past performance

Ubuhlebezwe Municipality has now 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 2020/2021 final budget and medium term revenue and expenditure framework:

**Table 1 Consolidated Overview of the 2020/2021**

ZN434 Ubuhlebezwe - Table A1 Budget Summary										
Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	13 122	12 744	21 927	23 023	23 023	23 023	23 023	23 573	24 634	25 742
Service charges	1 726	2 155	2 000	2 100	2 100	2 100	2 100	3 300	3 448	3 604
Investment revenue	9 215	11 002	16 000	16 000	13 000	13 000	13 000	12 000	12 540	13 104
Transfers recognised - operational	95 039	99 114	142 131	186 787	115 302	115 302	115 302	122 063	127 556	133 296
Other own revenue	12 033	6 573	6 816	6 722	7 322	7 322	7 322	7 122	7 450	7 793
Total Revenue (excluding capital transfers and contributions)	131 136	131 588	188 874	234 631	160 746	160 746	160 746	168 058	175 628	183 539

Total operating revenue has increased by 5% from the adjustments budget of 2019/2020. The equitable share has increased by R6.7 million compared to the previous year. This therefore means that serviced delivery must be prioritised.

# UBuhlebezwe Municipality Final Budget 2020/21

---

Total operating expenditure for the financial year has been appropriated at R171 895 000 including Non-Cash Items of R 25 278 000. This therefore translates into a surplus of R 23 642 611, which effectively finances the capital expenditure. When compared to the 2019/2020 Adjustments Budget, operational expenditure has decreased by R 1 891 000 which is 1% of the adjustments budget. This is a result of applying cost containment measures by the municipality.

The capital budget of R 59 178 000 for 2020/2021 which is R17 276 000 less than the adjustment budget. The reason for a 23% decrease is because of the completion of fire station and successful purchase of other plant and equipment which will not be needed under 2020/21 giving the municipality the capacity for service delivery.

## **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 2020/2021 MTREF (classified by main revenue source):

# UBuhlebezwe Municipality Final Budget 2020/21

ZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>											
Property rates	2	13 122	12 744	21 927	23 023	23 023	23 023	23 023	23 573	24 634	25 742
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 726	2 155	2 000	2 100	2 100	2 100	2 100	3 300	3 448	3 604
Rental of facilities and equipment		1 173	924	1 000	1 000	1 000	1 000	1 000	1 200	1 255	1 313
Interest earned - external investments		9 215	11 002	16 000	16 000	13 000	13 000	13 000	12 000	12 540	13 104
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 580	1 957	1 000	1 000	1 000	1 000	1 000	1 000	1 046	1 094
Licences and permits		3 305	2 710	2 679	3 419	3 969	3 969	3 969	4 069	4 256	4 452
Agency services		-	634	745	34	29	29	29	29	30	32
Transfers and subsidies		95 039	99 114	142 131	186 787	115 302	115 302	115 302	122 063	127 556	133 296
Other revenue	2	5 975	221	1 392	1 269	1 324	1 324	1 324	825	863	902
Gains on disposal of PPE		-	127	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>131 136</b>	<b>131 588</b>	<b>188 874</b>	<b>234 631</b>	<b>160 746</b>	<b>160 746</b>	<b>160 746</b>	<b>168 058</b>	<b>175 628</b>	<b>183 539</b>

The total operating revenue for 2020/2021 is R 168 068 000.

- 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 2020	Allocation 2021	Variance	Increase/Decrease
<b>GRANTS</b>				
MIG	R26 917 000	R26 759 000	R 158 000	↑
<b>TOTAL</b>	<b>R26 917 000</b>	<b>R26 759 000</b>	<b>R 158 000</b>	↑
<b>OPERATIONAL GRANTS</b>				
Equitable Share	R110 309 000	R117 008 000	R 6 741 000	↑

## UBuhlebezwe Municipality Final Budget 2020/21

Finance Management Grant	R 1 970 000	R 1 900 000	R 70 000	↓
EPWP	R 1 793 000	R 1 903 000	R 110 000	↑
Library Grant	R 838 000	R 905 000	R 67 000	↑
Title deeds	R 0.00	R 121 000	R 121 000	<b>New</b>
Library Cyber	R 206 000	R 226 000	R 20 000	↑
Electrification	R13 000 000	R15 000 000	R2 000 000	↑
<b>TOTAL</b>	<b>R 128 209 000</b>	<b>R 137 105 000</b>	<b>R 8 896 000</b>	↑

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

Fair view Electrification	R9 366 000
Dayimane Electrification	R 360 000
Maweni Electrification	R 720 000
Mgodi skeyi Electrification	R 3 600 000
Kwabhaki Electrification	R 954 000
<b>Total Allocation Per DORA</b>	<b>R15 000 000.00</b>

Grants remain the largest revenue source.

### **HOUSING PROJECTS**

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

Housing Allocation new Projects	R50 962 241
Community Residential Units	R31 000 000
Ufafa Housing Projects	R4 241 350
<b>Total Allocation Per DORA</b>	<b>R86 203 591</b>

- **Property Rates**

# UBuhlebezwe Municipality Final Budget 2020/21

The municipality has implemented the new valuation roll in the current year and also resolved to increase the rates and service charges by 5%. This led to the budget for rates to be R 23 573 000 for the 2020/2021 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, and the debt collector was appointed during the month of January 2019 to fast track the collection which habitual so, means more revenue collection.

## Comparison of proposed rates to levied for the 2020 financial year

KZN434 Ubuhlebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>											
Property rates	2	20 127	21 377	20 544	23 023	23 023	23 023	23 023	23 573	42 902	44 876

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

- **Refuse / Service Charges**

This refers to refuse removal income that the municipality bills as budgeted. The proposed budget for services amounted to R 3 300 000 for 2020/2021.



# UBuhlebezwe Municipality Final Budget 2020/21

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

2019-2020 Collection Rate											
	M T D										Y T D
	July	August	September	October	November	December	January	February	March	April	Total
Receipts	743 326.01	715 707.28	1 137 789.05	790 967.68	702 278.78	709 589.02	2 671 266.88	1 236 889.51	1 239 646.44	342 080.58	10 289 541.23
Debts	2 493 604.73	1 908 010.41	1 907 800.00	1 907 800.00	1 907 800.01	1 909 726.98	1 919 713.00	1 918 604.04	1 919 010.29	1 919 010.29	19 711 079.75
Collection Rate	29.81%	37.51%	59.64%	41.46%	36.81%	37.16%	139.15%	64.47%	64.60%	17.83%	52.20%
Receipts	59 226.75	47 085.41	135 310.08	69 538.78	58 785.17	74 787.90	190 172.22	175 245.02	175 008.91	48 293.73	1 033 453.97
Refuse	191 620.87	257 171.32	256 206.50	261 063.51	262 042.81	261 682.85	262 550.26	266 229.86	266 391.77	266 531.96	2 551 491.71
Collection Rate	30.91%	18.31%	52.81%	26.64%	22.43%	28.58%	72.43%	65.82%	65.70%	18.12%	40.50%
Receipts	27 979.15	20 915.29	37 819.25	20 667.12	12 967.20	15 221.55	19 132.67	22 110.95	43 752.23	12 073.43	232 638.84
Rentals	71 274.71	71 274.71	71 274.71	50 311.78	40 638.11	40 638.11	33 577.68	33 577.68	33 577.80	33 577.68	479 722.97
Collection Rate	39.26%	29.34%	53.06%	41.08%	31.91%	37.46%	56.98%	65.85%	130.30%	35.96%	48.49%
Total Rec	830 531.91	783 707.98	1 310 918.38	881 173.58	774 031.15	799 598.47	2 880 571.77	1 434 245.48	1 458 407.58	402 447.74	11 555 634.04
Total Billing	2 756 500.31	2 236 456.44	2 235 281.21	2 219 175.29	2 210 480.93	2 212 047.94	2 215 840.94	2 218 411.58	2 218 979.86	2 219 119.93	22 742 294.43
Total Rate	30.13%	35.04%	58.65%	39.71%	35.02%	36.15%	130.00%	64.65%	65.72%	18.14%	50.81%

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.

- **Rental**

This refers to rental for municipal facilities, the municipality budgeted the amount of R1 200 000.

- **Traffic Fines**

Traffic Fines budget remains at R 1000 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 12 000 000, increased from R 13 000 000.

# UBuhlebezwe Municipality Final Budget 2020/21

---

- **Licence and Permit**

The Municipality has budgeted to receive R 4 086 000 from Licence and Permit.

- **Agency Services**

The Municipality has budgeted to collect R 28 900 from Agency Services.

## **1.5 Operating Expenditure Framework**

The total operating expenditure for 2020/2021 financial year has been appropriated at R 173 933 000. The Municipality's expenditure framework for the 2020/2021 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.

# UBuhlebezwe Municipality Final Budget 2020/21

## Expenditure by Source Table

<b>Expenditure By Type</b>											
Employee related costs	2	52,842	62,912	67,856	77,459	77,894	77,894	77,894	84,552	86,464	90,441
Remuneration of councillors		8,379	9,902	10,359	11,097	11,097	11,097	11,097	11,097	11,608	12,142
Debt impairment	3	1,365	4,478	1,578	1,578	2,000	2,000	2,000	2,090	2,186	2,287
Depreciation & asset impairment	2	20,173	21,271	20,000	20,000	22,000	22,000	22,000	23,188	24,255	25,370
Finance charges		-	3	-	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	2,883	-	770	870	1,146	1,146	1,146	1,121	1,173	1,227
Contracted services		6,765	15,350	21,022	21,116	21,482	21,482	21,482	21,361	21,053	22,022
Transfers and subsidies		1,296	-	40,767	86,040	14,604	14,604	14,604	3,845	4,022	4,207
Other expenditure	4, 5	30,713	19,762	25,178	25,926	25,601	25,601	25,601	26,878	26,867	28,103
Loss on disposal of PPE		1,777	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>126,192</b>	<b>133,677</b>	<b>187,530</b>	<b>244,087</b>	<b>175,824</b>	<b>175,824</b>	<b>175,824</b>	<b>174,133</b>	<b>177,627</b>	<b>185,797</b>
<b>Surplus/(Deficit)</b>		<b>4,943</b>	<b>(2,089)</b>	<b>1,344</b>	<b>(9,455)</b>	<b>(15,077)</b>	<b>(15,077)</b>	<b>(15,077)</b>	<b>(6,074)</b>	<b>(1,990)</b>	<b>(2,259)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		29,719	27,330	31,439	33,317	33,317	33,317	33,317	26,759	27,990	29,277
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		34,662	25,241	32,783	23,862	18,240	18,240	18,240	20,685	25,991	27,019
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Taxation		34,662	25,241	32,783	23,862	18,240	18,240	18,240	20,685	25,991	27,019
<b>Surplus/(Deficit) after taxation</b>		<b>34,662</b>	<b>25,241</b>	<b>32,783</b>	<b>23,862</b>	<b>18,240</b>	<b>18,240</b>	<b>18,240</b>	<b>20,685</b>	<b>25,991</b>	<b>27,019</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>34,662</b>	<b>25,241</b>	<b>32,783</b>	<b>23,862</b>	<b>18,240</b>	<b>18,240</b>	<b>18,240</b>	<b>20,685</b>	<b>25,991</b>	<b>27,019</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>34,662</b>	<b>25,241</b>	<b>32,783</b>	<b>23,862</b>	<b>18,240</b>	<b>18,240</b>	<b>18,240</b>	<b>20,685</b>	<b>25,991</b>	<b>27,019</b>

# UBuhlebezwe Municipality Final Budget 2020/21

---

- **Employee Related Costs**

This refers to the salaries and benefits paid to employees, currently the municipality has tentatively budgeted **6.25%** for salary increases. The proposed total cost to employer amount to R 84 542 000. 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 2020/2021 financial year this amount equates to R2 090 000. 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 R23 188 000 for the 2020/2021 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 5 326 081 has been budgeted for 2020/2021 which equals to 9 % of the total Capital Budget.

- **Contracted Services**

The budget of R 21 361 000 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 free service, the households are required to register in terms of the Municipality's Indigent Policy. The budget of R 2 589 340 has been set aside.

- **Other Expenditure**

Other expenditure is the general expenditure incurred by the municipality for its operations, the amount of R26 828 000 is projected.

# UBuhlebezwe Municipality Final Budget 2020/21

## Community Development Programmes/Projects

<b>PROGRAMMES</b>	<b>2019/20</b>	<b>2020/21</b>
Bursary Youth	650 000	679 250
Disaster Management	254 840	308 107
Back to School	10 560	15 675
Marketing and Tourism	370 827	288 838
Moral Generation	70 000	73 150
Performing Arts ( Art and Culture)	373 200	110 025
Community Upliftment	244 000	459 480
Youth Programs	350 000	309 230
HIV/AIDS Awareness	151 120	300 750
Ward Committee	1 637 200	1 782 875
Public Participation	360 000	88 825
LED Projects	1 050 000	1 097 250
LED /Tourism Forum	5 500	11 495
Community Development	1 535 000	1 837 000

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 759 000 from MIG and Other expenditure of R 32 550 356 is funded from internally generated funds.

### Summary of Capital Expenditure

MIG	R 26 759 000
Internal Funded	R 32 410 000
<b>Total</b>	<b>R 59 169 000</b>

### Reconciliation Extract for Capital Projects Per Asset Class:

Land	1 000 000
Intangible	3 153 200
Office Furniture	907 000
Computer and IT Equipment	5 909 638
Plant/machinery & Equipment	1 365 978
Buildings	10 790 000
Community Assets	8 817 845
Infrastructure	22 695 020
Motor vehicles	540 000
<b>Total Assets</b>	<b>59 169 000</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 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 emphasise 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

# UBuhlebezwe Municipality Final Budget 2020/21

expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue - Functional</b>	1									
<i>Governance and administration</i>		157,550	120,964	138,590	152,440	149,490	149,490	156,712	63,749	66,682
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		157,550	120,964	138,590	152,440	149,490	149,490	156,712	63,749	66,682
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		3,305	6,855	32,779	72,809	14,824	14,824	8,393	126,289	132,098
Community and social services		-	2,274	1,935	3,866	3,932	3,932	3,430	4,469	4,675
Sport and recreation		-	-	2,050	50	29	29	-	-	-
Public safety		3,305	4,581	6,626	10,363	10,863	10,863	4,963	5,191	5,430
Housing		-	-	22,167	58,530	-	-	-	116,629	121,993
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	29,061	28,944	40,599	27,649	27,649	27,112	43,923	45,944
Planning and development		-	67	26,555	616	666	666	287	173	181
Road transport		-	28,994	2,390	39,984	26,984	26,984	26,826	43,750	45,762
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	2,037	18,000	2,100	2,100	2,100	2,600	2,720	2,845
Energy sources		-	-	16,000	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	2,037	-	-	-	-	-	-	-
Waste management		-	-	2,000	2,100	2,100	2,100	2,600	2,720	2,845
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	160,854	158,918	218,313	267,948	194,063	194,063	194,817	236,680	247,568
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		121,946	82,776	86,527	91,581	95,561	95,561	100,433	102,184	106,884
Executive and council		-	20,478	23,325	25,414	25,060	25,060	26,509	26,574	27,796
Finance and administration		121,946	62,299	63,096	66,167	70,500	70,500	73,845	75,610	79,088
Internal audit		-	-	106	-	-	-	80	0	0
<i>Community and public safety</i>		1,365	23,060	47,464	85,977	27,791	27,791	30,022	61,540	64,371
Community and social services		-	7,080	8,874	8,608	9,002	9,002	9,034	8,945	9,357
Sport and recreation		-	371	617	686	668	668	698	730	763
Public safety		1,365	14,429	14,588	16,428	16,405	16,405	18,031	18,605	19,461
Housing		-	1,180	23,384	60,255	1,716	1,716	2,260	33,260	34,790
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	23,784	25,987	41,099	39,972	39,972	30,291	31,210	32,646
Planning and development		-	6,218	8,737	24,953	24,076	24,076	14,916	15,129	15,825
Road transport		-	17,566	17,250	16,146	15,896	15,896	15,375	16,082	16,821
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2,881	9,359	26,909	25,077	12,146	12,146	12,967	13,201	13,809
Energy sources		-	-	16,000	13,000	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		2,881	-	-	-	-	-	-	-	-
Waste management		-	9,359	10,909	12,077	12,146	12,146	12,967	13,201	13,809
<i>Other</i>	4	-	-	-	354	354	354	420	387	405
<b>Total Expenditure - Functional</b>	3	126,192	138,980	186,887	244,087	175,824	175,824	174,133	208,523	218,115
<b>Surplus/(Deficit) for the year</b>		34,663	19,938	31,426	23,861	18,240	18,240	20,685	28,158	29,453

# UBuhlebezwe Municipality Final Budget 2020/21

## 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	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue by Vote</b>	1									
Vote 1 - Finance & Admin		157,550	120,964	138,590	152,440	149,490	149,490	156,712	63,749	66,682
Vote 2 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	2,274	1,935	3,866	3,932	3,932	4,272	4,469	4,675
Vote 4 - Housing		-	-	22,167	58,530	-	-	-	116,629	121,993
Vote 5 - Public Safety		3,305	4,581	6,626	10,363	10,863	10,863	4,963	5,191	5,430
Vote 6 - Road Transport		-	28,994	2,390	39,984	26,984	26,984	26,826	43,750	45,762
Vote 7 - Waste Management		-	2,037	2,000	2,100	2,100	2,100	2,600	2,720	2,845
Vote 8 - Energy Sources		-	-	16,000	-	-	-	-	-	-
Vote 9 - Planning and Development		-	67	26,555	616	666	666	287	173	181
Vote 10 - Sport and Recreation		-	-	2,050	50	29	29	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>160,854</b>	<b>158,918</b>	<b>218,313</b>	<b>267,948</b>	<b>194,063</b>	<b>194,063</b>	<b>195,659</b>	<b>236,680</b>	<b>247,568</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Finance & Admin		121,946	62,299	63,096	66,167	70,300	70,300	73,845	75,610	79,088
Vote 2 - Executive & Council		-	20,478	23,431	25,414	25,060	25,060	26,589	26,574	27,796
Vote 3 - Community and Social Services		-	7,080	8,874	8,962	9,407	9,407	9,555	9,491	9,928
Vote 4 - Housing		-	1,180	1,217	60,255	1,716	1,716	2,260	33,260	34,790
Vote 5 - Public Safety		1,365	14,429	14,588	16,428	16,405	16,405	18,031	18,605	19,461
Vote 6 - Road Transport		2,881	17,566	10,215	16,146	16,046	16,046	15,375	16,082	16,821
Vote 7 - Waste Management		-	9,359	10,893	12,077	12,146	12,146	12,967	13,201	13,809
Vote 8 - Energy Sources		-	-	-	13,000	-	-	-	-	-
Vote 9 - Planning and Development		-	6,218	53,945	24,953	24,076	24,076	14,532	14,727	15,405
Vote 10 - Sport and Recreation		-	371	617	686	668	668	621	650	680
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>126,192</b>	<b>138,980</b>	<b>186,877</b>	<b>244,087</b>	<b>175,824</b>	<b>175,824</b>	<b>173,775</b>	<b>208,200</b>	<b>217,778</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>34,663</b>	<b>19,938</b>	<b>31,436</b>	<b>23,861</b>	<b>18,240</b>	<b>18,240</b>	<b>21,885</b>	<b>28,480</b>	<b>29,790</b>

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



# UBuhlebezwe Municipality Final Budget 2020/21

Total revenue is projected at R 195 538 000 in 2020/2021. Out of that revenue is an amount of R23 573 000 which is estimated to be collected from property rates.

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.

KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>											
Property rates	2	13,122	12,744	21,927	23,023	23,023	23,023	23,023	23,573	24,634	25,742
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1,726	2,155	2,000	2,100	2,100	2,100	2,100	3,300	3,448	3,604
Rental of facilities and equipment		1,173	924	1,000	1,000	1,000	1,000	1,000	1,200	1,255	1,313
Interest earned - external investments		9,215	11,002	16,000	16,000	13,000	13,000	13,000	12,000	12,540	13,104
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,580	1,957	1,000	1,000	1,000	1,000	1,000	1,000	1,046	1,094
Licences and permits		3,305	2,710	2,679	3,419	3,969	3,969	3,969	4,069	4,256	4,452
Agency services		634	745	34	34	29	29	29	29	30	32
Transfers and subsidies		95,039	99,114	142,131	186,787	115,302	115,302	115,302	122,063	127,556	133,296
Other revenue	2	5,975	221	1,392	1,269	1,324	1,324	1,324	825	863	902
Gains on disposal of PPE		-	127	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>131,136</b>	<b>131,588</b>	<b>188,874</b>	<b>234,631</b>	<b>160,746</b>	<b>160,746</b>	<b>160,746</b>	<b>168,058</b>	<b>175,628</b>	<b>183,539</b>
<b>Expenditure By Type</b>											
Employee related costs	2	52,842	62,912	67,856	77,459	77,894	77,894	77,894	84,552	86,464	90,441
Remuneration of councillors		8,379	9,902	10,359	11,097	11,097	11,097	11,097	11,097	11,608	12,142
Debt impairment	3	1,365	4,478	1,578	1,578	2,000	2,000	2,000	2,090	2,186	2,287
Depreciation & asset impairment	2	20,173	21,271	20,000	20,000	22,000	22,000	22,000	23,188	24,255	25,370
Finance charges		-	3	-	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	2,883	-	770	870	1,146	1,146	1,146	1,121	1,173	1,227
Contracted services		6,765	15,350	21,022	21,116	21,482	21,482	21,482	21,361	21,053	22,022
Transfers and subsidies		1,296	-	40,767	86,040	14,604	14,604	14,604	3,845	4,022	4,207
Other expenditure	4,5	30,713	19,762	25,178	25,926	25,601	25,601	25,601	26,878	26,867	28,103
Loss on disposal of PPE		1,777	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>126,192</b>	<b>133,677</b>	<b>187,530</b>	<b>244,087</b>	<b>175,824</b>	<b>175,824</b>	<b>175,824</b>	<b>174,133</b>	<b>177,627</b>	<b>185,797</b>
<b>Surplus/(Deficit)</b>											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		4,943	(2,089)	1,344	(9,455)	(15,077)	(15,077)	(15,077)	(6,074)	(1,998)	(2,259)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		29,719	27,330	31,439	33,317	33,317	33,317	33,317	26,759	27,990	29,277
Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>34,662</b>	<b>25,241</b>	<b>32,783</b>	<b>23,862</b>	<b>18,240</b>	<b>18,240</b>	<b>18,240</b>	<b>20,685</b>	<b>25,991</b>	<b>27,019</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>34,662</b>	<b>25,241</b>	<b>32,783</b>	<b>23,862</b>	<b>18,240</b>	<b>18,240</b>	<b>18,240</b>	<b>20,685</b>	<b>25,991</b>	<b>27,019</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>34,662</b>	<b>25,241</b>	<b>32,783</b>	<b>23,862</b>	<b>18,240</b>	<b>18,240</b>	<b>18,240</b>	<b>20,685</b>	<b>25,991</b>	<b>27,019</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>34,662</b>	<b>25,241</b>	<b>32,783</b>	<b>23,862</b>	<b>18,240</b>	<b>18,240</b>	<b>18,240</b>	<b>20,685</b>	<b>25,991</b>	<b>27,019</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.

## UBuhlebezwe Municipality Final Budget 2020/21

---

- 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 Final Budget 2020/21

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Finance & Admin		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Finance & Admin		1,982	2,402	1,579	3,708	3,880	3,880	3,880	5,564	3,892	4,071
Vote 2 - Executive & Council		1,013	243	552	1,130	660	660	660	850	889	930
Vote 3 - Community and Social Services		15,620	8,172	7,826	4,099	4,969	4,969	4,969	5,606	5,872	6,142
Vote 4 - Housing		-	-	-	10,000	10,000	10,000	10,000	10,540	11,025	11,532
Vote 5 - Public Safety		-	923	3,023	15,730	15,513	15,513	15,513	1,470	1,538	1,608
Vote 6 - Road Transport		54,702	-	21,893	36,975	31,205	31,205	31,205	22,795	14,382	15,043
Vote 7 - Waste Management		-	-	-	1,091	1,103	1,103	1,103	2,117	2,215	2,317
Vote 8 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	20,245	19,754	3,358	5,333	5,333	5,333	6,955	1,841	1,926
Vote 10 - Sport and Recreation		-	6,035	6,274	2,205	3,793	3,793	3,793	3,272	3,423	3,580
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>		73,318	38,020	60,899	78,296	76,454	76,454	76,454	59,169	45,076	47,149
<b>Total Capital Expenditure - Vote</b>		73,318	38,020	60,899	78,296	76,454	76,454	76,454	59,169	45,076	47,149
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		2,996	243	2,208	4,838	4,540	4,540	4,540	6,414	4,781	5,001
Executive and council		1,013	243	552	1,130	660	660	660	850	889	930
Finance and administration		262	-	458	3,708	3,880	3,880	3,880	5,564	3,892	4,071
Internal audit		1,721	-	1,198	-	-	-	-	-	-	-
<b>Community and public safety</b>		15,620	17,532	17,545	32,033	34,274	34,274	34,274	20,888	21,857	22,863
Community and social services		15,620	9,095	8,271	4,099	4,969	4,969	4,969	5,606	5,872	6,142
Sport and recreation		-	6,035	6,274	2,205	3,793	3,793	3,793	3,272	3,423	3,580
Public safety		-	-	3,000	15,730	15,513	15,513	15,513	1,470	1,538	1,608
Housing		-	2,402	-	10,000	10,000	10,000	10,540	11,025	11,532	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		54,702	20,245	41,147	40,334	36,537	36,537	36,537	24,755	16,223	16,969
Planning and development		-	-	19,226	3,358	5,333	5,333	5,333	1,960	1,841	1,926
Road transport		54,702	20,245	21,921	36,975	31,205	31,205	31,205	22,795	14,382	15,043
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	1,091	1,103	1,103	1,103	7,112	2,215	2,317
Energy sources		-	-	-	-	-	-	-	4,995	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1,091	1,103	1,103	1,103	2,117	2,215	2,317
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	73,318	38,020	60,899	78,296	76,454	76,454	76,454	59,169	45,076	47,149
<b>Funded by:</b>											
National Government		56,090	26,280	26,439	26,917	26,917	26,917	26,917	26,759	22,827	23,877
Provincial Government		-	-	5,000	6,400	6,400	6,400	6,400	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	56,090	26,280	31,439	33,317	33,317	33,317	33,317	26,759	22,827	23,877
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>	7	17,228	11,740	29,460	44,979	43,137	43,137	43,137	32,410	22,249	23,272
<b>Total Capital Funding</b>	7	73,318	38,020	60,899	78,296	76,454	76,454	76,454	59,169	45,076	47,149

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

## UBuhlebezwe Municipality Final Budget 2020/21

---

- 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.

# UBuhlebezwe Municipality Final Budget 2020/21

ZN434 Ubuhebezwe - Table A6 Budgeted Financial Position											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
thousand											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		5	26	189	-	38 275	38 275	5	6	6	6
Call investment deposits	1	134 815	20 637	8 153	105 302	260 758	260 758	260 758	273 796	287 485	301 860
Consumer debtors	1	8 864	9 072	8 076	-	(19 634)	(19 634)	(19 634)	(20 616)	(21 647)	(22 729)
Other debtors		8 891	(2 971)	3 760	-	(5 641)	(5 641)	9 310	9 776	10 264	10 778
Current portion of long-term receivables		122	(4)	-	-	-	-	122	128	135	142
Inventory	2	2 344	(788)	(287)	-	-	-	2 905	3 050	3 202	3 363
<b>Total current assets</b>		<b>155 041</b>	<b>25 973</b>	<b>19 890</b>	<b>105 302</b>	<b>273 758</b>	<b>273 758</b>	<b>253 466</b>	<b>266 139</b>	<b>279 446</b>	<b>293 419</b>
<b>Non current assets</b>											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		19 896	(290)	-	-	20 671	20 671	21 446	22 518	23 644	24 826
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	251 963	18 292	31 418	75 246	342 527	342 527	342 527	359 653	377 636	396 518
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		1 093	1 191	838	3 050	3 300	3 300	1 451	3 153	9 129	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>271 859</b>	<b>18 001</b>	<b>32 512</b>	<b>76 437</b>	<b>364 036</b>	<b>366 248</b>	<b>367 273</b>	<b>385 471</b>	<b>402 731</b>	<b>424 497</b>
<b>TOTAL ASSETS</b>		<b>426 900</b>	<b>43 974</b>	<b>52 402</b>	<b>181 739</b>	<b>637 794</b>	<b>640 006</b>	<b>620 739</b>	<b>651 611</b>	<b>682 178</b>	<b>717 916</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		(32)	242	16	-	-	-	4	4	4	5
Trade and other payables	4	36 610	9 397	24 045	27 339	27 339	27 339	27 339	28 706	30 141	31 648
Provisions		-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>		<b>36 578</b>	<b>9 639</b>	<b>24 060</b>	<b>27 339</b>	<b>27 339</b>	<b>27 339</b>	<b>27 343</b>	<b>28 710</b>	<b>30 145</b>	<b>31 653</b>
<b>Non current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		6 089	1 421	-	-	-	-	-	-	-	-
<b>Total non current liabilities</b>		<b>6 089</b>	<b>1 421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>42 667</b>	<b>11 060</b>	<b>24 060</b>	<b>27 339</b>	<b>27 339</b>	<b>27 339</b>	<b>27 343</b>	<b>28 710</b>	<b>30 145</b>	<b>31 653</b>
<b>NET ASSETS</b>	5	<b>384 233</b>	<b>32 914</b>	<b>28 342</b>	<b>154 401</b>	<b>610 455</b>	<b>612 667</b>	<b>593 396</b>	<b>622 901</b>	<b>652 032</b>	<b>686 263</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		366 197	-	338	132 398	594 677	594 677	594 677	624 411	655 631	688 413
Reserves	4	-	-	-	-	-	-	-	54 790	45 717	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>366 197</b>	<b>-</b>	<b>338</b>	<b>132 398</b>	<b>594 677</b>	<b>594 677</b>	<b>594 677</b>	<b>679 201</b>	<b>701 349</b>	<b>688 413</b>

## 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 Final Budget 2020/21

ZN434 Ubuhebezwe - Table A7 Budgeted Cash Flows											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	-	-	-	-	12 932	13 630	14 380
Service charges		-	2 179	1 828	2 100	2 100	2 213	2 213	888	2 315	2 443
Other revenue		-	2 628	3 127	4 869	5 314	5 604	5 604	2 968	5 429	5 727
Government - operating	1	-	141 546	117 598	187 639	116 204	122 912	122 912	122 912	169 202	178 508
Government - capital	1	-	31 316	22 894	33 317	33 317	26 759	26 759	26 759	36 815	38 840
Interest		-	-	-	-	-	-	-	12 906	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		-	(110 744)	(78 288)	(136 122)	(137 220)	(141 468)	(141 468)	(143 187)	(153 384)	(161 820)
Finance charges		-	(2)	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	(31 069)	(38 465)	(83 135)	(11 698)	(650)	(650)	(650)	(31 621)	(33 360)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	35 854	28 694	8 668	8 017	15 370	15 370	35 528	42 386	44 718
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	363	159	1 000	1 000	1 200	1 200	1 200	1 103	1 163
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		279	43 366	32 256	78 296	76 454	76 454	76 454	(51 615)	(99 937)	(105 433)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		279	43 729	32 415	79 296	77 454	77 654	77 654	(50 415)	(98 834)	(104 270)
<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>NET INCREASE/ (DECREASE) IN CASH HELD</b>		279	79 583	61 109	87 964	85 472	93 024	93 024	(14 888)	(56 448)	(59 552)
Cash/cash equivalents at the year begin:	2	-	-	-	-	-	-	-	19 398	4 510	(51 937)
Cash/cash equivalents at the year end:	2	279	79 583	61 109	87 964	85 472	93 024	93 024	4 510	(51 937)	(111 489)

The municipality holds short-term investments. The total investments as at 30 April 2020 totaled to R 182 749 732.69 Plus R 5 803 086.84 primary account equals to R 188 552 819.53. Unspent grants as at 30 April 2020 R6 465 797 leaving cash and cash equivalents available at 30 April 2020 at R182 087 022. The fixed cost per month is estimated at R12.7million.

Investment Register:

# UBuhlebezwe Municipality Final Budget 2020/21

UBUHLEBEZWE MUNICIPALITY 2019 - 2020 Financial Year Investment Register for April 2020																
Institution	Acc No	Acc Type	Maturity Date	Interest Rate (%)	Balance Per Statement 01-Apr	(Bank charges)	(Withdrawals)	Deposits	Month End Interest Earned 30-Apr	Balance Per Statement 30-Apr	Month End Interest Accrued To date	Interest Accrued To date	Earned Interest To date	Balance Per General Ledger 30-Apr	Difference	Interest Income forecasted
Bank - Sim	83569320	1 Months - Fixed Deposit	25-Apr	7.50	3626104.36	-	-	-	209 181.13	36 464 203.54	31 269	31 269	464 235.54	36 464 203.54	-	2 200 522.48
Bank - Sim	820765849	1 Months - Fixed Deposit	30-Jun	7.50	10 680 065.04	-	-	-	60 749.11	10 740 814.15	42 749.11	42 749.11	622 407.89	10 740 814.15	-	56 062.14
National Bank - Equit. Share	82 3488 9998 B	Call Account	-	-	5 284 128.82	-	(5 000 000.00)	-	11 964.12	245 833.84	-	-	332 118.20	245 833.84	-	11 684.12
National Bank - Sangwaba Housing	82 2481 6621 B	Sangwaba Housing	07-Dec	3.90	716 741.45	-	-	-	-	716 741.45	-	-	73 802.90	716 741.45	-	-
National Bank Equit. Share	7484505081	14 days - Fixed Deposit	04-Mar	5.92	10 077 062.85	-	-	-	-	-	-	-	121 483.90	10 121 483.90	-	44 421.65
National Bank - Equit. Share	7481461442	14 days - Fixed Deposit	18-Sep	6.25	-	-	-	44 421.05	-	-	-	-	356 869.12	-	-	-
National Bank - Equit. Share	7481850246	30 Month - Fixed Deposit	16-Oct	7.00	-	-	-	-	-	-	-	-	279 024.65	-	-	-
National Bank - Equit. Share	747944527	10 Day Notice Deposit	12-Sep	7.24	-	-	-	-	-	-	-	-	593 904.64	-	-	-
National Bank - Equit. Share	7480555642	14 days - Fixed Deposit	12-Sep	7.72	-	-	-	-	-	-	-	-	197 049.22	-	-	-
National Bank - Equit. Share	7483046929	14 days - Fixed Deposit	05-Nov	6.50	-	-	-	-	-	-	-	-	280 524.91	-	-	-
Bank	7881076767126	12 Months - Fixed Deposit	23-Jan	7.80	-	-	-	-	-	-	-	-	389 945.21	-	-	-
Bank	7881076767131	1 Month - Fixed Deposit	28-Dec	7.40	-	-	-	-	-	-	-	-	133 029.03	-	-	-
Bank	7881076767134	1 Month - Fixed Deposit	08-Jan	7.40	-	-	-	-	-	-	-	-	89 417.24	-	-	-
Bank	7881076767137	1 Month - Fixed Deposit	03-Feb	7.40	-	-	-	-	-	-	-	-	83 908.77	-	-	-
Bank	7881076767124	91 Days - Fixed Deposit	23-Aug	7.86	0.00	-	-	-	0.00	-	-	-	0.00	-	-	-
Bank	7881076767140	30 days - Fixed Deposit	24-Jan	6.50	13 000 000.00	-	-	-	-	13 000 000.00	65 178.08	65 178.08	82 558.80	13 000 000.00	-	65 178.08
Bank	7881076767136	30 days - Fixed Deposit	24-Jan	7.05	-	-	-	-	-	-	-	-	126 026.02	-	-	-
Bank	7881076767138	30 days - Fixed Deposit	25-Feb	7.05	-	-	-	-	-	-	-	-	122 847.93	-	-	-
Bank	7881076767139	30 days - Fixed Deposit	25-Feb	7.05	(0.00)	-	-	-	-	(0.00)	-	-	131 307.51	(0.00)	-	-
Bank	7881076767142	30 days - Fixed Deposit	25-Feb	7.05	20 770 029.53	-	-	-	-	20 770 029.53	99 866.85	106 524.65	570 342.47	20 770 029.53	0.00	99 866.85
Bank	7881076767135	150 days - Fixed Deposit	30-Mar	7.57	0.00	-	-	-	-	0.00	-	-	7 636.08	-	-	-
Bank	7881076767144	120 days - Fixed Deposit	30-Mar	7.57	25 570 342.47	-	-	-	-	25 570 342.47	-	-	570 342.47	25 570 342.47	-	-
Bank	7881076767132	1 Month - Fixed Deposit	28-Nov	7.40	-	-	-	-	-	-	-	-	120 713.42	-	-	-
Bank	7881076767129	1 Month - Fixed Deposit	16-Oct	7.20	-	-	-	-	-	-	-	-	127 065.62	-	-	-
Bank	7881076767131	1 Month - Fixed Deposit	19-Nov	7.40	0.00	-	-	-	-	0.00	-	-	71 629.36	-	-	45 462.62
Bank	7881076767118	Call Account	-	-	-	-	-	-	-	-	-	-	136 986.30	-	-	-
Bank	7881076767128	1 Months - Fixed Deposit	03-Dec	7.50	-	-	-	-	-	-	-	-	45 462.62	-	-	45 462.62
Bank - Equit. Share	608730767-010	1 Month - Fixed Deposit	18-Aug	7.50	-	-	-	-	-	-	-	-	128 246.58	-	-	(0.00)
Bank - Equit. Share	608730767-001	Notice/Wholesale Call Dep	14-Jan	6.35	125 976.83	-	-	-	289.76	126 276.59	167.27	167.27	2 912.62	126 276.59	-	599.52
Bank - Equit. Share-NEW	608730767-004	Notice Deposit	04-Feb	7.22	6 630 921.22	-	-	-	39 213.86	6 670 135.08	20 067.06	20 067.06	370 741.08	6 670 741.08	-	59 888.92
Bank - Equit. Share-NEW	608730767-006	Notice Deposit	15-Jan	7.46	20 380 305.47	-	-	-	111 500.12	20 501 805.59	61 673.92	61 673.92	501 805.59	20 501 805.59	-	183 174.04
Bank - Equit. Share	608730767-008	1 Months - Fixed Deposit	03-Oct	3.90	15 645.93	-	-	-	45.52	15 691.45	18.51	18.51	540.75	15 691.45	-	64.03
Bank - Equit. Share-NEW	608730767-010	10 Day Notice Deposit	13-Sep	6.50	12 000 000.00	-	-	-	-	12 000 000.00	-	-	12 000 000.00	-	-	-
Bank - Equit. Share	608730767-009	14 days - Fixed Deposit	13-Sep	7.90	-	-	-	-	-	-	-	-	619 919.71	-	-	-
Bank - Equit. Share	608730767-005	10 Day Notice Deposit	03-Oct	7.72	0.00	-	-	-	-	0.00	-	-	109 512.20	-	-	0.00
Bank - Equit. Share	608730767-007	10 Day Notice Deposit	23-Feb	7.72	10 131 462.07	-	-	-	-	10 131 462.07	57 457.88	59 027.23	131 462.07	10 131 462.07	-	59 027.23
Bank - Equit. Share	608730767-005	1 Month - Fixed Deposit	04-Nov	7.95	15 580 716.26	-	-	-	93 569.67	15 674 284.93	47 151.68	47 151.68	674 284.93	15 674 284.93	-	140 721.35
Bank - Equit. Share	68730767-004	1 Months - Fixed Deposit	05-Oct	7.42	(0.00)	-	-	-	-	-	-	-	119 102.97	-	-	(0.00)
Bank - Equit. Share	68730767-011	1 Month - Fixed Deposit	06-Oct	7.02	-	-	-	-	-	-	-	-	253 333.33	-	-	-
Bank - Equit. Share	68730767-012	1 Months - Fixed Deposit	07-Oct	7.30	-	-	-	-	-	-	-	-	347 512.94	-	-	-
					187 174 450.30	-	(-3 000 000.00)	-	572 282.39	182 749 732.69	471 082.28	504 326.63	8 452 376.63	182 749 732.69	0.00	986 082.43
National Bank	82 5524 1619 A	Current Account	30-Apr	-	4 650 226.72	-	-	25 306.56	5 893 086.84	-	-	-	415 432.71	-	-	25 306.56
and Cash Equivalent					192 824 677.02	-	(-3 000 000.00)	600 338.95	189 552 819.53	471 082.28	504 326.63	8 867 811.14	182 749 732.69	0.00	1 011 988.99	

## 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 2019/2020 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 11 of the MFMA, it can be concluded that the adopted 2019/2020 MTREF is funded.

# UBuhlebezwe Municipality Final Budget 2020/21

ZN434 Ubuhebezwe - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	279	79 583	61 109	87 964	85 472	93 024	93 024	4 510	(51 937)	(111 489)
Other current investments > 90 days		134 541	(58 920)	(52 767)	17 338	213 561	206 009	167 739	269 291	339 428	413 355
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>134 820</b>	<b>20 664</b>	<b>8 342</b>	<b>105 302</b>	<b>299 033</b>	<b>299 033</b>	<b>260 763</b>	<b>273 801</b>	<b>287 491</b>	<b>301 866</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		1 164	122	12 635	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	35 016	3 959	9 213	27 339	33 115	33 429	29 826	34 123	37 166	39 031
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>36 180</b>	<b>4 081</b>	<b>21 849</b>	<b>27 339</b>	<b>33 115</b>	<b>33 429</b>	<b>29 826</b>	<b>34 123</b>	<b>37 166</b>	<b>39 031</b>
<b>Surplus(shortfall)</b>		<b>98 640</b>	<b>16 583</b>	<b>(13 507)</b>	<b>77 963</b>	<b>265 918</b>	<b>265 604</b>	<b>230 937</b>	<b>239 678</b>	<b>250 325</b>	<b>262 835</b>

## 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 Final Budget 2020/21

ZN434 Ubullebezwe - Table A9 Asset Management											
thousand	Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
<b>APITAL EXPENDITURE</b>											
<b>Total New Assets</b>											
1	Roads Infrastructure	1	64 695	38 020	27 806	37 493	53 767	53 767	36 982	78 519	20 214
	Storm water Infrastructure		10 120	24 287	3 460	-	10 947	10 947	12 071	17 447	18 406
	Electrical Infrastructure		-	-	6 727	548	-	-	-	936	605
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	9 725	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		10 120	24 287	19 973	548	10 947	10 947	13 007	18 051	19 044
	Community Facilities		51 358	8 123	3 000	14 260	16 005	16 005	8 939	18 153	1 170
	Sport and Recreation Facilities		-	-	2 000	-	4 948	4 948	3 995	3 801	-
	Community Assets		51 358	8 123	2 000	14 260	20 952	20 952	12 934	21 954	1 170
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		556	2 238	500	2 700	3 436	3 436	550	185	772
	Housing		-	-	12	2 700	3 436	3 436	735	-	-
	Other Assets		556	2 238	512	2 700	3 436	3 436	185	772	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	75	400	2 900	2 900	2 310	8 379	-
	Intangible Assets		-	-	75	400	2 900	2 900	2 310	8 379	-
	Computer Equipment		-	36	1 198	800	890	890	843	884	-
	Furniture and Office Equipment		820	361	231	158	791	791	588	451	-
	Machinery and Equipment		-	1 747	227	15 037	11 900	11 900	1 225	22 735	-
	Transport Assets		1 840	1 228	650	3 590	1 950	1 950	5 140	5 292	-
	Land		-	-	-	-	-	-	200	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	<b>Total Renewal of Existing Assets</b>	2	8 623	-	1 898	16 994	15 337	15 337	11 365	14 720	-
	Roads Infrastructure		5 412	-	1 178	6 599	5 010	5 010	-	1 828	-
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		5 412	-	1 178	6 599	5 010	5 010	757	1 828	-
	Community Facilities		3 210	-	720	395	327	327	68	436	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		3 210	-	720	395	327	327	68	436	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	10 000	10 000	10 000	10 540	12 456	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	10 000	10 000	10 000	10 540	12 456	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	-	-	-	-	-	-
	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	-	-	31 135	11 856	7 350	7 350	12 238	(43 043)	64 559
	Roads Infrastructure		-	-	-	3 337	11 140	4 919	4 919	706	4 052
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	3 337	11 140	4 919	4 919	706	4 052	-
	Community Facilities		-	-	-	168	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	1 604	168	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	26 074	548	2 431	2 431	2 562	2 646	-
	Housing		-	-	59	-	-	-	-	-	-
	Other Assets		-	-	26 104	548	2 431	2 431	2 562	2 646	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	-
	Transport Assets		-	-	-	-	-	-	-	-	-
	Land		-	-	-	-	-	-	8 971	(49 741)	64 559
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	<b>Total Capital Expenditure</b>	4	73 318	38 020	60 839	66 344	76 454	76 454	60 586	50 195	84 773
	Roads Infrastructure		15 533	24 287	7 975	17 739	20 877	20 877	13 534	23 327	18 406
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	6 727	548	-	-	-	936	605
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	9 725	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		15 533	24 287	24 427	18 288	20 877	20 877	14 470	23 931	19 044
	Community Facilities		54 569	8 123	3 720	14 428	16 005	16 005	8 939	18 153	1 170
	Sport and Recreation Facilities		-	-	3 000	-	4 948	4 948	3 995	3 801	-
	Community Assets		54 569	8 123	7 414	14 823	21 280	21 280	13 002	22 390	1 170
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		556	2 238	26 574	13 248	15 867	15 867	13 652	15 102	-
	Housing		-	-	42	-	-	-	185	772	-
	Other Assets		556	2 238	26 616	13 248	15 867	15 867	13 837	15 874	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	75	400	2 900	2 900	2 310	8 379	-
	Intangible Assets		-	-	75	400	2 900	2 900	2 310	8 379	-
	Computer Equipment		-	36	1 198	800	890	890	843	884	-
	Furniture and Office Equipment		820	361	231	158	791	791	588	451	-
	Machinery and Equipment		-	1 747	227	15 037	11 900	11 900	1 225	22 735	-
	Transport Assets		1 840	1 228	650	3 590	1 950	1 950	5 140	5 292	-
	Land		-	-	-	-	-	-	9 171	(49 741)	64 559
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	<b>DIAL CAPITAL EXPENDITURE - Asset class</b>		73 318	38 020	60 839	66 344	76 454	76 454	60 586	50 195	84 773
	<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	127 145	6 500	16 348	43 482	38 180	38 180	21 375	53 029	-
	Roads Infrastructure		118 746	5 514	14 845	23 349	21 349	21 349	13 256	23 834	-
	Storm water Infrastructure		(3 272)	4 588	585	1 300	1 300	1 300	936	605	-
	Electrical Infrastructure		-								

## **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 Final Budget 2020/21

ZN434 Ubuhebezwe - Table A10 Basic service delivery measurement										
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	3 133	3 133	3 290	3 454	3 133	3 290	3 454	3 454
Piped water inside yard (but not in dwelling)		-	10 035	10 035	11 064	11 064	10 035	11 064	11 064	11 064
Using public tap (at least min.service level)	2	-	2 394	2 394	2 514	2 639	2 394	2 514	2 639	2 639
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	15 562	15 562	16 867	17 157	15 562	16 867	17 157	17 157
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	10 670	10 670	11 764	10 670	11 204	11 764	11 204	11 764
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	10 670	10 670	11 764	10 670	11 204	11 764	11 204	11 764
<b>total number of households</b>	5	-	26 232	26 232	28 631	27 827	26 766	28 631	28 361	28 921
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	1 857	1 857	2 047	1 857	1 950	2 047	1 950	2 047
Flush toilet (with septic tank)		-	2 861	2 861	3 154	2 861	3 004	3 154	3 004	3 154
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	1 556	1 556	1 715	1 556	1 634	1 715	1 634	1 715
Other toilet provisions (> min.service level)		-	6 488	6 488	7 153	6 488	6 812	7 153	6 812	7 153
<i>Minimum Service Level and Above sub-total</i>		-	12 762	12 762	14 070	12 762	13 400	14 070	13 400	14 070
Bucket toilet		-	1 766	1 766	1 947	1 854	1 766	1 947	1 854	1 947
Other toilet provisions (< min.service level)		-	5 486	5 486	6 048	5 760	5 486	6 048	5 760	6 048
No toilet provisions		-	6 217	6 217	6 854	6 217	6 854	6 854	6 528	6 854
<i>Below Minimum Service Level sub-total</i>		-	13 469	13 469	14 850	14 142	13 469	14 850	14 142	14 850
<b>total number of households</b>	5	-	26 231	26 231	28 920	26 904	26 869	28 920	27 543	28 920
<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	1 413	1 484	1 346	1 413	1 484
<i>Minimum Service Level and Above sub-total</i>		-	1 346	1 346	1 346	1 413	1 484	1 346	1 413	1 484
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	1	1	1	1	1	1	1	1
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	1	1	1	1	1	1	1	1
<b>total number of households</b>	5	-	1 347	1 347	1 347	1 414	1 485	1 347	1 414	1 485
<b>households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	39	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	33	49	62	75
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)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	1 024	1 024	2 609	2 955	2 841	3 612	3 612	3 612
<b>total cost of FBS provided</b>		-	1 024	1 024	2 609	2 955	2 841	3 612	3 612	3 612
<b>highest level of free service provided per household</b>										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	5 686	5 970	5 970	5 970	8 721	9 192	9 688
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>total revenue cost of subsidised services provided</b>	6	-	-	5 686	5 970	5 970	5 970	8 721	9 192	9 688

## **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 implementation, which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the newly developed IDP includes the following

# UBuhlebezwe Municipality Final Budget 2020/21

---

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.

- 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).

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;

# UBuhlebezwe Municipality Final Budget 2020/21

---

- 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.

- **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**

---