



UTHUKELA DISTRICT MUNICIPALITY

ANNUAL BUDGET

2015/16

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Part 1 – Annual Budget

1.1 Mayor's Report

Hon. Speaker, Members of the EXCO, Councillors, Municipal Manager, Senior managers present 2016 has marked a great improvement for our district municipality, firstly there was a move from the adverse opinion to qualification. The performance in general of the municipality has drastically improved. The councillors through their portfolios have improved their oversight responsibilities, therefore ensuring stronger accountability from municipal officials, Finance portfolio has seen 100% sitting, the portfolio have already begun the analysis of credit control aiming at improving our collection rate. Reports for financial performance are always tabled to EXCO and council in order to ensure that councillors take informed decisions regarding finances of the municipality. The portfolio has also ensured that conditional grants are always spent so as to avoid roll overs in particular in MIG, RBIG and others. The prudent spending of municipal finances is always in the eye of the portfolio so that most funds are spent on our core function which is water and sanitation.

Corporate services portfolio is sitting regularly and reports are submitted to EXCO and council, the portfolio is playing an oversight in the building of the disaster management centre which is now 80% complete. Over the past two years the municipality had a very high rate of vacancy but now we can say the situation has changed and most of the vacancies have now been filled. The training of our municipal workers continues to ensure that we have a workforce that is highly qualified to execute its duties. The portfolio has also budgeted for the lighting conductors which will see the district municipality reducing the thunder and lightning incidents.

Youth, gender, sports and recreation portfolio has improved its sitting over the past few months there's now a youth officer to run youth affairs in the district and a clear program has been drawn, through its activities, bursaries were awarded to young people. There's a need to increase the bursary allocation as there's a huge need from young people who want to further their studies. Women activities are ongoing but there's also a need to top up the budget. Regarding sports there's been challenges of programs not going to MANCO for input and approval.

Strats, LED & Tourism portfolio, the attendance of the portfolio meeting is fairly well, there's a need to put more focus on LED projects in the local municipalities, the vacancies in both LED & Tourism need to be addressed urgently so that we can see more activities in these fields which can thus lead to more jobs being created in the district. The establishment of the DDA (District Development Agency) will help with the implementation of the district growth plan which has been adopted by the municipality.

Water Sanitation Infrastructure & Technical portfolio committee initially had challenges in sitting but the situation has now improved with the committee sitting regularly and playing oversight as well as visiting sights where there are problem in order to come

with solutions. The WSIT has distributed Jojo tanks to the communities to improve water service, there's still a huge need for the jojos in our communities. The committee is in the process of completing a district wide Water and Sewer Master Plan, review and update Water Services Development Plan, replacement of deteriorating or aging existing infrastructure, skilling and capacitating inherited operational incapacity, Water Services Provision Implementation Plan has been developed and approved together with Municipal Priority Action Plan.

Hon. Speaker, members of the EXCO, councillors good governance, more accountability is needed from all the departments of our municipality in order to achieve a clean audit and to deliver services promptly to the people of our district
HENCE THE FUNCTIONALITY OF THE MPAC IS CRITICAL.

The municipality has bought new fleet to improve service delivery including owning its own water tankers which has seen our communities receiving water regularly. The turnaround time to attend to burst water pipes and sewer blockages has generally improved. The municipal finance has drastically improved and this has seen the municipality investing over R200m and there we can say our liquidity is positive compared to two (2) years ago when we were in the negative.

Hon speaker, councillors although there are still challenges that our district municipality face , we still need to deliver water services to each and every household in our district, we still need to provide proper sanitation to each and every household to our district. WE ARE MOVING FORWARD... ASIMILE SIYAQHUBA. One of the outcry we heard from all the roadshows we had in our district, the unemployment is very high and there's a need of our district municipality to play a key role in reducing unemployment and creating more job opportunities especially for young people.

Hon. Speaker, members of EXCO, councillors let me take this opportunity to thank you for your contribution in building and strengthening of our district municipality. A special thanks to the MM and the senior managers for the work they do on daily basis to keep our municipality moving forward and lastly the CFO and her team for ensuring that we have a budget and that all the requirements by the MFMA are met.

I WANT TO END UP BY SAYING THE STRUGGLE CONTINUES UNTIL WE PROVIDE EVERY CITIZEN WITH CLEAN WATER AND PROPER SANITATION, THE STRUGGLE CONTINUES UNTIL QUICK RESPONSE TO THE BASIC SERVICES IS MET, THE STRUGGLE CONTINUES UNTIL A CLEAN AUDIT COUPLED WITH PROVISION OF SERVICES IS MET.

ASIZUKUMA SIZOQHUBEKA

I THANK YOU

1.2 Council Resolutions

On 19 May 2015 the Council of Uthukela District Municipality met in the Municipality Boardroom of Uthukela District Municipality to consider the annual budget of the municipality for the financial year 2015/16 with the following resolutions:

1. The Council of Uthukela District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves :
 - 1.1. The draft annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position
 - 1.2.2. Budgeted Cash Flows
2. The Council of Uthukela District Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) to consider :
 - 2.1. the tariffs for water services
 - 2.2. the tariffs for sanitation services
 - 2.3. The tariffs for other municipal services

1.3 Executive Summary

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

The District has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circular No.74 and 71 were used to guide the compilation of the 2015/16 MTREF.

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

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

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Ageing and poorly maintained water infrastructure;
- Wage increases for municipal staff, as well as the need to fill critical vacancies as per the Organogram.
- Cash flow problems

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

Description	Adjustments Budget 2014/2015 '000	Budget Year 2015/16 '000	Budget Year +1 2016/17 '000	Budget Year +2 2017/18 '000
Total Operating Revenue	496 371	518 412	552 784	557 754
Total Operating Expenditure	(457 293)	(580 552)	(591 689)	(584 861)
Surplus/(Deficit) Budgeted Operating Statement	38 779	175 801	235 068	297 665
Total Capital Funding (GRANTS)	269 648	237 940	234 038	290 836
Total Capital Funding (Council)	68 778	81 130	1 030	6 829
Total Capital Funding (Roll overs)	28 600	0	0	0
Total Capital Expenditure	367 036	319 070	235 068	297 665
TOTAL BUDGET	766 019	756 352	786 822	882 525

Operating revenue

Operating revenue has increased by 4.36 percent in the 2015/2016 financial year due to the 9 percent increase in the tariff structure for service charges, 4.8 percent in other revenue and a further 5,5 percent from the operational grants.

Service charges, Water and Sanitation and other revenue have been increased by 9 percent in the 2015/2016 which is in above line with the National Treasury guidelines as per MFMA circular 74, this is as a result of the huge increase in electricity. It should be noted that in order for water to be distributed to communities an expenditure on electricity needs to be borne by the Municipality. The National treasury has advice on a 12.20 percent increase on electricity to all municipalities that are supplying electricity. And Eskom bulk purchases will increase by 14.24 percent as per circular 75 .But apparently there is a possibility of 25 percent that Eskom has applied for to increase its tariff. And if this is approved by NERSA the Municipality will suffer a great length. Because of these reasons the Municipality has decided to increase its tariff to 9% even though it's still much less than the percentage increase for electricity. This was mainly because Uthukela District Municipality has a vast number of indigent's population within its boundaries, and rural areas, so Increasing it more was going to affect Uthukela district economy badly.

There is no guideline that was received from Department of water affairs, on the tariffs that the Municipality must increase its water and sanitation service by. Infrastructure maintenance and any other operating expenses were also taken into account to ensure that the municipality is a going concern.

Operating Expenditure

Operating expenditure for the 2015/16 financial year has been appropriated at R581 591 mill and translates into a budgeted surplus of R269 355 mill

Capital Expenditure

Capital Expenditure For the 2015/16 financial year, R319 070 mill of capital expenditure is funded by grants and R81 130 mill from own revenue funds. Part of the Municipality own funding will be funded from Municipal reserves amounting to R143 270 mill. The municipality is currently having plans to maximize revenue collection part of these plans was data cleansing that the municipality undergo in 2013 and its still doing an in house exercise on the issue which is ongoing. This will insure maximization of revenue collection.

The Municipality could not meet to fund 40 percent of it capital towards renewal of assets. But it has used its part of its reserves to try and meet this guideline, only 16.3 percentage has been budgeted towards the renewal of capital assets. Uthukela District Municipality is dependent mostly on grants funding.

1.4 Operating Revenue Framework

For Uthukela District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue, this will be done by a strict credit control to customers on arrear debts. This will also be maximised as the Municipality is having ongoing in house data cleansing to ensure accurate billing information. This is a council strategy aimed at maximising debt collections and to build a credible debtors book. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management,
- Increase ability to recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies

1.5 Operating Expenditure Framework

The District expenditure framework for the 2015/16 budget and MTREF 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;
- Operational gains and efficiencies will be directed to funding the capital budget and other core service
- Not to Budget for unfunded / underfunded mandates unless the function is:
 - 1) listed in schedule 4B and 5B of the constitution
 - 2) The Function is assigned to the Municipality in terms of national and provincial legislation,
 - 3) The Municipality has prioritized the provision of basic services and
 - 4) It does not jeopardize the financial viability of the Municipality

Table 1 MBRR Table A1 - Budget Summary

DC23 Uthukela - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	93,551	117,286	132,771	151,506	151,506	151,506	151,506	165,107	175,950	187,098
Investment revenue	2,070	9,789	10,761	9,471	7,172	7,172	7,172	8,010	8,483	8,958
Transfers recognised - operational	226,476	279,412	257,902	306,828	301,695	301,695	301,695	318,371	339,839	365,525
Other own revenue	19,998	34,523	36,129	37,031	35,998	35,998	35,998	26,924	28,512	30,109
Total Revenue (excluding capital transfers and contributions)	342,095	441,011	437,563	504,836	496,371	496,371	496,371	518,412	552,784	591,690
Employee costs	101,425	119,882	125,359	160,321	139,928	139,928	139,928	219,377	229,578	240,253
Remuneration of councillors	5,502	4,792	4,703	4,619	10,290	10,290	10,290	5,332	5,580	5,840
Depreciation & asset impairment	26,998	31,838	38,999	44,689	44,660	44,660	44,660	51,430	56,759	63,736
Finance charges	10,887	2,432	2,549	1,311	1,075	1,075	1,075	60	63	67
Materials and bulk purchases	18,311	19,945	29,314	60,535	54,637	54,637	54,637	65,982	58,329	65,081
Transfers and grants	80,207	108,715	83,732	11,900	12,480	12,480	12,480	13,228	14,009	14,793
Other expenditure	133,132	363,940	166,109	183,212	194,523	197,703	197,703	225,142	187,436	195,090
Total Expenditure	376,463	651,544	450,765	466,586	457,593	460,773	460,773	580,552	551,754	584,861
Surplus/(Deficit)	(34,368)	(210,534)	(13,202)	38,250	38,778	35,598	35,598	(62,140)	1,030	6,829
Transfers recognised - capital	–	249,261	360,480	209,225	269,648	269,648	269,648	237,940	234,038	290,836
Contributions recognised - capital & contributed a	114,944	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	80,576	38,727	347,279	247,474	308,426	305,246	305,246	175,800	235,068	297,665
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	80,576	38,727	347,279	247,474	308,426	305,246	305,246	175,800	235,068	297,665
Capital expenditure & funds sources										
Capital expenditure	38,107	101,466	425,614	277,475	367,027	367,027	367,027	319,070	235,068	297,665
Transfers recognised - capital	33,951	100,760	344,456	209,225	269,648	269,648	269,648	237,940	234,038	290,836
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	4,156	706	81,158	68,250	97,379	97,379	97,379	81,130	1,030	6,829
Total sources of capital funds	38,107	101,466	425,614	277,475	367,027	367,027	367,027	319,070	235,068	297,665
Financial position										
Total current assets	285,756	201,914	268,102	475,654	378,504	490,912	490,912	388,114	397,481	420,463
Total non current assets	712,342	812,489	1,483,053	1,191,455	2,252,753	1,827,142	1,827,142	2,109,363	2,372,374	2,673,999
Total current liabilities	265,066	252,618	155,639	169,263	114,688	101,422	101,422	134,300	94,853	96,054
Total non current liabilities	15,768	13,231	15,312	10,082	5,922	11,204	11,204	12,925	14,504	16,278
Community wealth/Equity	717,263	748,554	1,580,204	1,487,764	2,510,647	2,205,428	2,205,428	2,350,252	2,660,498	2,982,130
Cash flows										
Net cash from (used) operating	134,179	163,444	26,793	210,760	306,637	319,117	319,117	189,640	258,760	334,091
Net cash from (used) investing	(38,107)	(101,466)	(228,221)	(193,288)	(367,027)	(367,027)	(367,027)	(319,070)	(235,068)	(297,665)
Net cash from (used) financing	294	(1,609)	179,209	(3,918)	(2,524)	394	394	413	437	462
Cash/cash equivalents at the year end	88,404	148,773	126,554	164,861	63,639	79,038	79,038	47,030	71,159	108,047
Cash backing/surplus reconciliation										
Cash and investments available	88,404	148,773	126,554	164,861	63,639	176,047	176,047	47,030	71,159	108,048
Application of cash and investments	159,271	189,370	311,046	8,284	(95,959)	(92,538)	(92,538)	(72,692)	(118,488)	(122,975)
Balance - surplus (shortfall)	(70,867)	(40,597)	(184,492)	156,577	159,598	268,585	268,585	119,722	189,647	231,023
Asset management										
Asset register summary (WDV)	712,342	812,489	1,483,053	1,191,455	2,252,753	1,827,142	2,109,363	2,109,363	2,372,374	2,673,999
Depreciation & asset impairment	26,998	31,838	38,999	44,689	44,660	44,660	51,430	51,430	56,759	63,736
Renewal of Existing Assets	–	–	65	18,299	12,909	12,909	12,909	52,000	620	830
Repairs and Maintenance	14,268	16,088	22,082	54,450	48,552	48,552	59,605	59,605	51,576	57,950
Free services										
Cost of Free Basic Services provided	–	–	–	0	0	0	0	0	0	0
Revenue cost of free services provided	80,207	108,715	83,732	6,300	12,480	12,480	13,228	13,228	14,022	14,863
Households below minimum service level										
Water:	30	30	32	32	32	32	33	33	33	35
Sanitation/sewerage:	14	14	15	15	15	15	16	16	16	17
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	98	104	111	117	124	132	140	140	148	157

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus.

Table 2 Summary of revenue and expenditure classified by main revenue and expenditure source

DC23 Uthukela - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	81,195	104,240	118,572	134,908	134,908	134,908	134,908	147,050	155,726	164,447
Service charges - sanitation revenue	2	12,356	13,047	14,199	16,598	16,598	16,598	16,598	18,057	20,224	22,651
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		2,070	9,789	10,761	9,471	7,172	7,172	7,172	8,010	8,483	8,958
Interest earned - outstanding debtors		16,978	29,447	33,284	35,660	35,660	35,660	35,660	26,568	28,135	29,711
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		226,476	279,412	257,902	306,828	301,695	301,695	301,695	318,371	339,839	365,525
Other revenue	2	3,020	5,076	2,845	1,372	338	338	338	356	377	398
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		342,095	441,011	437,563	504,836	496,371	496,371	496,371	518,412	552,784	591,690
Expenditure By Type											
Employee related costs	2	101,425	119,882	125,359	160,321	139,928	139,928	139,928	219,377	229,578	240,253
Remuneration of councillors		5,502	4,792	4,703	4,619	10,290	10,290	10,290	5,332	5,580	5,840
Debt impairment	3	16,391	244,001	16,028	30,451	26,380	29,560	29,560	28,222	26,810	25,470
Depreciation & asset impairment	2	26,998	31,838	38,999	44,689	44,660	44,660	44,660	51,430	56,759	63,736
Finance charges		10,887	2,432	2,549	1,311	1,075	1,075	1,075	60	63	67
Bulk purchases	2	4,043	3,857	7,232	6,085	6,085	6,085	6,085	6,377	6,753	7,131
Other materials	8	14,268	16,088	22,082	54,450	48,552	48,552	48,552	59,605	51,576	57,950
Contracted services		38,424	45,290	46,772	37,658	40,814	40,814	40,814	42,261	30,754	32,476
Transfers and grants		80,207	108,715	83,732	11,900	12,480	12,480	12,480	13,228	14,009	14,793
Other expenditure	4, 5	78,253	72,480	97,887	115,103	127,329	127,329	127,329	154,660	129,871	137,144
Loss on disposal of PPE		65	2,168	5,421							
Total Expenditure		376,463	651,544	450,765	466,586	457,593	460,773	460,773	580,552	551,754	584,861
Surplus/(Deficit)		(34,368)	(210,534)	(13,202)	38,250	38,778	35,598	35,598	(62,140)	1,030	6,829
Transfers recognised - capital			249,261	360,480	209,225	269,648	269,648	269,648	237,940	234,038	290,836
Contributions recognised - capital	6	114,944	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		80,576	38,727	347,279	247,474	308,426	305,246	305,246	175,800	235,068	297,665
Taxation											
Surplus/(Deficit) after taxation		80,576	38,727	347,279	247,474	308,426	305,246	305,246	175,800	235,068	297,665
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		80,576	38,727	347,279	247,474	308,426	305,246	305,246	175,800	235,068	297,665
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		80,576	38,727	347,279	247,474	308,426	305,246	305,246	175,800	235,068	297,665

The Municipality major income is from water and sewage service charges. The Municipality also receives its income from grants which is R 318 371 mill for operating expenses and R 237 940mil for capital expenses.

The Municipality's salaries for employees will increase by 49.59 percent of which it is made up of 4.4% as per National treasury guidelines and 45.19 percent. This was due to vacant posts, as per municipality organogram that have not been filled in the 2014/2015 financial year, which will be filled in 2015/2016 financial year. The Municipality has vacant posts as per Municipality new organogram that were frozen in the 2014/2015 financial year, and these posts has been unfrozen in the 2015/2016. This was due to the need that has been envisaged by the Municipality, which has then added additional costs to be borne by the Municipality. The Municipality has budgeted for performance bonuses for the senior Management. The Municipality net increase /decrease in cash held is showing as negative because the Municipality has used its reserved to fund its operational and capital budget.

The Municipality has budgeted 38.71 percent of its operating expenditure towards Employees related costs and councilors remuneration, as per the circular 71 of National Treasury the municipality is still within the norm.

Finance charges consist primarily of the repayment of interest on long-term borrowings. Finance charges make up R60 000 of the total expenditure budget. The Municipality has settled all DBSA loans.

Bulk purchases are directly informed by the purchase of water from Department of Water Affairs.

Other materials as disclosed in the statement of financial performance comprises of the District's repairs and maintenance expenditure. The Municipality has budgeted R59 605 mill towards repairs and maintenance which is 10.25 percent of total operating expenditure. Due to the additional funding from Municipal cash backed reserves the Municipality have managed to budget 10.27 percent of its operating expenditure towards repairs and maintenance, The Municipality could not be able to budget for the 8 percent of its asset value towards repairs and maintenance due to financial constraints. But the Municipality is determined to ensure that its budget towards repairs and maintenance increases.

Blue drop and green Drop

The Municipality has appointed a service provider to refurbish and re- instate the treatment plants, the service provider is currently busy with the refurbishment of plants. The Municipality has an allocation of 15 mil in 2014/2015 budget .The Municipality's current BDS status is 50.75 percent and GDS status is 26.77 percent The Municipality has budgeted R22 mil towards the Blue drop and Green drop to ensure improvements on its Blue drop and Green drop status. The Municipality is determined to improved its status on the Blue drop and green drop reports.

Contracted services include all expenditure items that the Municipality is contracted to.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The Municipality has budgeted R5 mill towards the new entity the Municipality is establishing which is the Development agency which will deals with of the LED functions of the Districts.

The Municipality has budgeted 4.5 mil towards legal fees this is as per result of pending cases that the Municipality has currently that are with external lawyers.

The Municipality has also budgeted R594 000 towards SCOA preparation for implementation processes.

Budget Assumptions

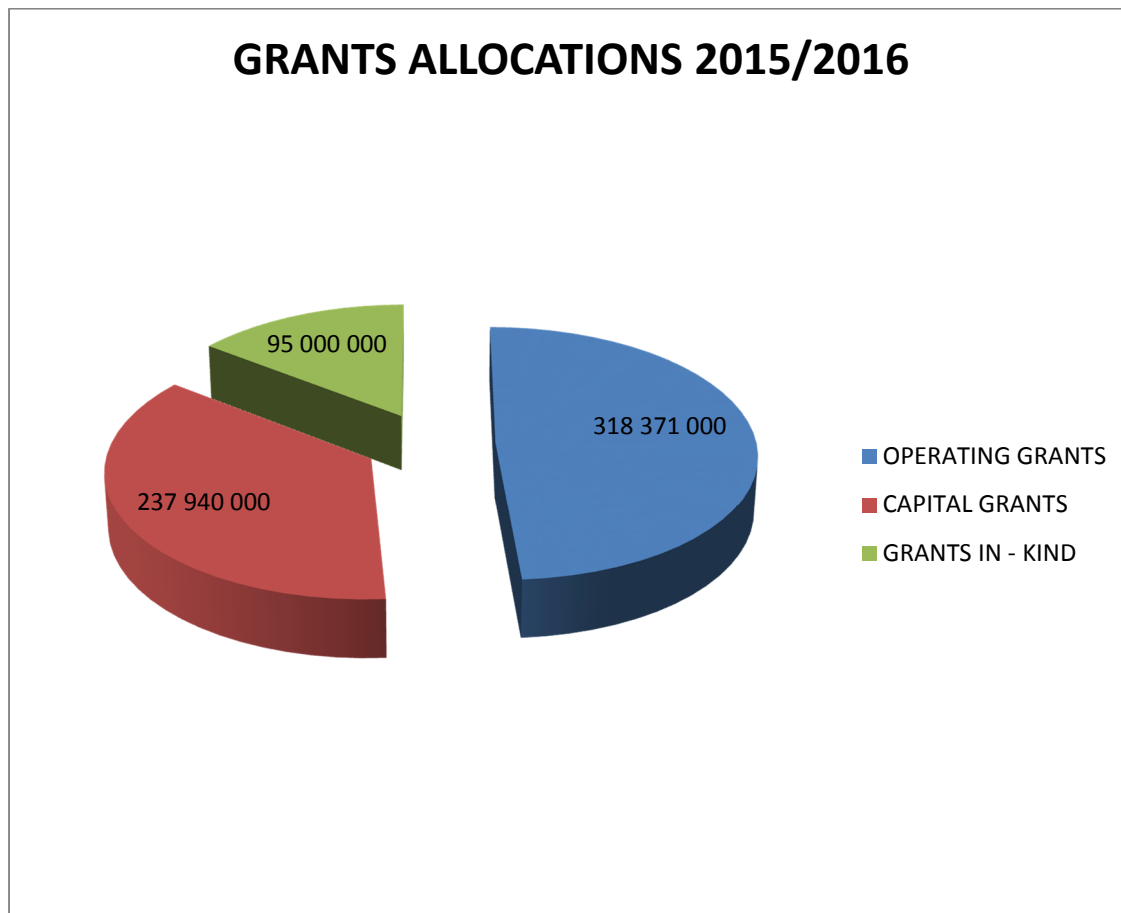
Presented budget assumes the following;

- i. That the inflation forecast (CPI) will be 5,8 % as been estimated in the MFMA circular 74, 5,5% and 5,3% for the two outer years respectively
- ii. Electricity expenditure relating to bulk purchases increase is at 14.24% as per MFMA circular 74
- iii. Employee related costs (administration) have been increased by 4.4% (plus 45.19% refer to page 9) as per MFMA circular 75 .
- iv. Employee related costs for council have been increased by 4.4% as per MFMA circular 75 .

Table 3. Operating and Capital Transfers and Grant Receipts

GRANTS	FUNDING	2015/2016	2016/2017	2017 / 2018
OPERATING GRANTS				
DEVELOPMENT PLANNING AND SHARED SERVICES	PT	250 000	1 200 000	0
EXPANDED PUBLIC WORKS PROGRAMME INTERGRATED GRANT	NT	2 384 000	0	0
EQUITABLE SHARE ALLOCATION	NT	261 605 000	278 357 000	298 301 000
RSC LEVIES REPLACEMENT (EQUITABLE SHARE)	NT	44 198 000	47 937 000	51 710 000
SPECIAL SUPPORT FOR COUNCILLORS REMUNERATION AND WARD COMMITTEES	NT	4 669 000	4 925 000	5 186 000
WATER SERVICES OPERATING SUBSIDY GRANT	NT	3 000 000	5 000 000	7 500 000
LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT	NT	1 325 000	1 460 000	1 795 000
MUNICIPAL SYSTEMS IMPROVEMENTS GRANTS	NT	940 000	960 000	1 033 000
		318 371 000	339 839 000	365 525 000
CAPITAL GRANTS				
MUNICIPAL INFRASTRUCTURE GRANT	NT	181 247 000	188 853 000	200 253 000
RURAL HOUSEHOLD INFRASTRUCTURE GRANT	NT	4 382 000	4 500 000	5 000 000
RURAL ROAD ASSETS MANAGEMENT	NT	2 311 000	2 378 000	2 531 000
MUNICIPAL WATER INFRASTRUCTURE GRANT	NT	50 000 000	38 307 000	83 052 000
		237 940 000	234 038 000	290 836 000
GRANTS IN - KIND				
REGIONAL BULK INFRACTURE GRANT	NT	95 000 000	85 000 000	74 318 000
		95 000 000	85 000 000	74 318 000
TOTAL ALLOCATION TO THE MUNICIPALITY INCL OF GRANTS IN KIND		651 311 000	658 877 000	730 679 000
TOTAL ALLOCATION TO THE MUNICIPALITY EXCL OF GRANTS IN KIND		556 311 000	573 877 000	656 361 000

Graph 1:



Graph 1 above shows the distribution in terms of the total grants allocation by the National and provincial sphere

The percentage distribution is as follows:

Operating grants	48.88%
Capital Grants	36.53%
Grants in kind	14.59%

Grants in kind relate to the grants by the National treasury that are directly distributed to the sector departments within the district. Rural infrastructure grant valued at R95 000 Million is not included as part of the District grants income to be received, even though the district does received this grant amount on an invoice base method from the DWA. But because this amount was gazetted as an “in-kind” grant on DORA, it was treated as such by the Municipality.

1.5.1 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

A summary of the proposed tariffs are as follows:

Table 4 Proposed Water Tariffs - 2015/2016

SERVICES TARIFF 2014/2015 FINANCIAL YEAR

	Description	Tariff
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R59.59/ month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R75.93/ month
3.	Sewer tariff for restricted usage (un-metered)	R75.83/ month
4.	Servicing sewer conservancy tanks/pits (small)	R134.17/ service
	Servicing sewer conservancy tanks/pits (large)	R287.53/ 5000l/ load
	Discharge of sewage to waste water works by private sewer tankers	R0,11/litre
	Integrated Step Tariff (Domestic Use)	
5.	Water tariff for water usage up to 6kl	Free/ Indigent
	Water tariff for water usage 1 to 30kl	R8.65kl
	Water tariff for water usage 31kl to 100kl	R10.02kl
	Water tariff for water usage 101kl to 999kl	R11.53kl
	Integrated Step Tariff (Industrial Use)	
6.	Water tariff for water usage up to 1000kl	R8.65kl
	Water tariff for water usage 1001kl and above	R4.53kl

SERVICES TARIFF 2015/2016 FINANCIAL YEAR

Proposed water services tariff for the financial year 2015/2016.

	Description	Tariff
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R63.17/ month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R80.49/ month
3.	Sewer tariff for restricted usage (un-metered)	R80.49/ month
4.	Servicing sewer conservancy tanks/pits (small)	R142.22/ service
	Servicing sewer conservancy tanks/pits (large)	R304.78/ 5000l/ load
	Discharge of sewage to waste water works by private sewer tankers	R0,12/litre
	Integrated Step Tariff (Domestic Use)	
5.	Water tariff for water usage up to 6kl	Free to Indigents households only
	Water tariff for water usage 1 to 30kl	R9.17kl
	Water tariff for water usage 31kl to 100kl	R10.62kl
	Water tariff for water usage 101kl to 999kl	R12.22kl
	Integrated Step Tariff (Industrial Use)	
6.	Water tariff for water usage up to 1000kl	R9.17kl
	Water tariff for water usage 1001kl and above	R4.80kl
7.	Bulk potable water supply to IDC Estate	R4.80kl
	Bulk Raw water supply	R2.93kl
8.	Emergency Services Connection (excluding emergency services)	R21.60kl
9.	All connections, repairs and work required from Council Domestic	Cost + 10%
10.	All connections, repairs and work required from Council other services actual cost + 10 %	Cost + 10%
11.	Trade Effluent	Charge(c/kl)= 67.84c+([COD/1000] x 1.37c) (COD-Chemical Oxygen Demand)
012.	Account Deposits (Subject to credit worthiness)	Every default adjustment of R145.54 to maximum as per following: Residential Max R2 184.66 Business Max R 7 278.61 New consumers: Residential = R 1262.81 Business = R3013.48 Connection Fees =R 145.99
13.	Scrutiny of building plans	R399.52/ plan

14.	Clearing of grass overgrowth	Actual cost + 12 %
15.	Requested Water Tankering (funerals – if not indigent)	5000l = R434.31/ load
16.	Requested Water Tankering (other events)	5000l = R694.86/ load
17.	Developer's Capital Contribution - Water	R7896.28
18.	Developer's Capital Contribution - Sanitation	R8685.97
19.	Disconnection Fee	R 104.22
	Reconnection fee - Working hours	R 106.16
	-After hours, Saturdays/Sundays/Public Holidays	R260.53
20.	Clearance certificates	R385.00
21.	Flat rate services (where applicable)	R254.88 per household

Water and Waste Water Analysis		
Determinant	2 Units	Cost per sample
Alkalinity	mg/l CaCO ₃	R50.28
Appearance	Descriptive	
Aluminium - soluble	mg/l Al	R43.53
Ammonia	mg/l N	R41.92
Chloride	mg/l Cl	R33.56
Chlorine – Free	mg/l Cl ₂	R16.72
Colour	Pt-Co	R25.07
Conductivity	mS/m	R16.72
Fluoride	mg/l F	R41.92
Iron	mg/l Fe	R25.07
Manganese	mg/l Mn	R41.92
Nitrate	mg/l N	R25.07
Nitrite	mg/l N	R25.07
Odour	Descriptive	
pH	pH Units	R16.72
Phosphate - soluble	mg/l P	R25.07
Solids - Settleable	ml/l	R25.07
Sulphate	mg/l SO ₄	R36.80
Sulphide	mg/l H ₂ S	R41.92
Suspended Solids	mg/l	R37.03
Temperature	°C	
Total Dissolved Solids	mg/l	R25.07
Turbidity	NTU	R16.72
Oxygen Absorbed	mg/l O ₂	R50.28
Chemical Oxygen Demand	mg/l O ₂	R58.63
Magnesium/Calcium	mg/l Mg/Ca	R58.51

- Sample bottles can be collected at the Laboratory.
- A volume of at least 1 litre is necessary for analysis.

3 Microbiological Analysis		
Faecal coliforms	colonies per 100ml	R50.28
Total coliforms	colonies per 100ml	R50.28
Standard plate count	colonies per ml	R41.92

- Sterile bottles provided by the Laboratory should be used.
- Samples must be delivered to the Laboratory within 6 hours of collection and should be kept cold.
- A volume of 500ml is sufficient for analysis.
 1. Prices listed are for single samples.
 2. Sterile bottles can be supplied free of charge. Bottles broken or not returned will be charged for at a rate of R16.72 per bottle.

FINES FOR ILLEGAL CONNECTIONS AND TEMPERING

First instance	R 2 500
Second instance	R 5 000
Third instance	R 7 500
Forth instance	R10 000

NB: Immediately if the consumer committed a fifth instance, complete disconnection of water supply will apply!

PENALTY FEES

- | | |
|---------------------------------|----------|
| 1. Warning letter | R 50.00 |
| 2. Final cut-off | |
| • Additional deposit-business | R 150.00 |
| • Additional deposit-households | R106.00 |
| • Penalty fee | R 81.97 |

RECONNECTION FEES:

- | | |
|---|---------|
| 1. Standard fee applies during working office hours | R109.16 |
| 2. Standard rate applies after office hours | R260.53 |

NEW CONNECTION (PLUMBING WORK) CHARGES

NO	SIZE (MM)	UNIT COST R	DEPOSIT
1	20	2 243.75	200.00
2	25	2 243.75	200.00
3	32	2 687.50	500.00
4	40	6 000.00	500.00
5	50	6 373.04	500.00
6	80	8 824.03	500.00
7	100	10 165.00	500.00
8	150	10 554.04	500.00

- Other municipal services increase by 4.8% as per MFMA circular 74.
 - Tender documents
 - Maps GIS
 - Clearance certificates

Maps GIS tariffs

	A3 PRINTER		A0 PLOTTER		
	A4	A3	A2	A1	A0
Full Colour	22.24	44.49	111.22	150.15	200.20
Grey Scale	22.24	44.49	111.22	144.59	200.20
Topo Maps	16.69	33.37	83.42	111.22	150.15
Line / Hatch	11.13	33.37	55.62	72.30	100.10

Tender Documents

Municipal Produced	R166.84
Consultants produced depending on the project	R333.67 and R389.28 respectively

- Clearance certificate R 380.38

There are new additional tariffs that the Municipality has added in connection with fines to be imposed on illegal connections and tempering in the tariff structure of the 2015/16 financial year. The tariff structure is designed to charge higher levels of consumption at a higher rate.

- **All Above tariffs excludes vat**

3.1.1 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality Indigent Policy. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The Municipality has developed an Indigent register to ensure that poor households are assisted through free basic service. The Municipality provides free 6kl towards indigent customers only.

3.2 Table 5: Capital expenditure

DC23 Uthukela - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 medium term revenue & expenditure framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital expenditure - Vote											
Single-year expenditure to be appropriated	2										
100 - COUNCIL		-	-	-	-	-	-	-	-	-	-
105 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
200 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
300 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
400 - TECHNICAL AND INFRASTRUCTURAL DEV SE		33 951	-	-	-	-	-	-	-	-	-
405 - PLANNING AND SOCIAL ECONOMIC DEVELOP		1 126	-	-	-	-	-	-	-	-	-
408 - HEALTH SERVICES		-	-	-	-	-	-	-	-	-	-
700 - WATER AND SANITATION SERVICES		3 030	-	-	-	-	-	-	-	-	-
105 - MUNICIPAL MANAGER		-	-	351	2 210	2 311	2 311	2 311	330	20	70
200 - CORPORATE SERVICES		-	114	19	1 500	1 871	1 871	1 871	1 850	560	1 020
300 - BUDGET AND TREASURY		-	28	10	600	1 162	1 162	1 162	240	70	20
405 - SOCIAL SERVICES		-	564	3	17 586	12 352	12 352	12 352	28 410	170	250
500 - TECHNICAL SERVICES		-	96 913	414 608	212 258	302 113	302 113	302 113	288 090	234 158	296 235
510 - WATER AND SANITATION SERVICES		-	3 847	10 623	43 321	47 217	47 217	47 217	150	90	70
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		38 107	101 466	425 614	277 475	367 027	367 027	367 027	319 070	235 068	297 665
Total Capital Expenditure - Vote		38 107	101 466	425 614	277 475	367 027	367 027	367 027	319 070	235 068	297 665
Capital Expenditure - Standard											
Governance and administration		-	142	359	4 310	5 344	5 344	5 344	2 420	650	1 110
Executive and council				330	2 210	2 311	2 311	2 311	330	20	70
Budget and treasury office			28	10	600	1 162	1 162	1 162	240	70	20
Corporate services			114	19	1 500	1 871	1 871	1 871	1 850	560	1 020
Community and public safety		-	564	-	17 586	12 352	12 352	12 352	28 410	170	250
Community and social services			564		17 586	12 352	12 352	12 352	28 150	100	190
Sport and recreation											
Public safety											
Housing											
Health									260	70	60
Economic and environmental services		1 126	-	2 002	2 315	2 315	2 315	2 315	2 311	2 378	2 531
Planning and development		1 126		3							
Road transport				1 999	2 315	2 315	2 315	2 315	2 311	2 378	2 531
Environmental protection											
Trading services		36 981	100 760	423 252	253 264	347 015	347 015	347 015	285 929	231 870	293 774
Electricity											
Water		36 981	100 760	423 252	253 264	347 015	347 015	347 015	285 929	231 870	293 774
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Standard	3	38 107	101 466	425 614	277 475	367 027	367 027	367 027	319 070	235 068	297 665
Funded by:											
National Government		33 951	100 760	344 456	209 225	269 648	269 648	269 648	237 940	234 038	290 836
Provincial Government		-			-						
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	33 951	100 760	344 456	209 225	269 648	269 648	269 648	237 940	234 038	290 836
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		4 156	706	81 158	68 250	97 379	97 379	97 379	81 130	1 030	6 829
Total Capital Funding	7	38 107	101 466	425 614	277 475	367 027	367 027	367 027	319 070	235 068	297 665

For 2015/16 financial year the Municipality has budgeted an amount of R319 070 mil which will be finance from government grants (R 237 940 mil) and municipality internally generated funds (R81 130 mil)

3.3 Annual Budget Tables

The following pages present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council.

Table 6 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC23 Uthukela - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
<i>Governance and administration</i>		232,895	290,321	279,380	299,336	296,492	296,492	320,930	342,315	367,187
Executive and council		232,895	285,910	37,743	41,140	41,140	41,140	48,867	52,862	56,896
Budget and treasury office		-	4,411	241,637	258,196	255,352	255,352	272,063	289,453	310,291
Corporate services		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11,801	1,007	890	6,317	250	250	250	1,200	-
Planning and development		11,801	1,007	890	6,317	250	250	250	1,200	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		212,343	398,942	517,774	408,407	469,277	469,277	435,172	443,307	515,339
Electricity		-	-	-	-	-	-	-	-	-
Water		159,234	385,896	503,503	391,810	452,679	452,679	417,115	423,083	492,688
Waste water management		53,109	13,047	14,270	16,597	16,598	16,598	18,057	20,224	22,651
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	457,039	690,271	798,043	714,060	766,019	766,019	756,352	786,822	882,526
Expenditure - Standard										
<i>Governance and administration</i>		51,914	100,203	113,648	189,666	180,810	183,990	232,867	216,277	228,785
Executive and council		16,875	39,883	64,054	49,743	41,740	41,740	50,911	46,531	48,926
Budget and treasury office		16,177	27,645	23,332	104,843	98,456	101,636	123,532	123,231	130,804
Corporate services		18,862	32,675	26,262	35,080	40,614	40,614	58,423	46,515	49,055
<i>Community and public safety</i>		6,071	17,343	11,271	11,099	15,113	15,113	42,359	33,259	38,462
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		6,071	17,343	11,271	11,099	15,113	15,113	42,359	33,259	38,462
<i>Economic and environmental services</i>		23,485	40,584	8,760	26,939	23,915	23,915	27,348	23,490	23,419
Planning and development		23,485	40,584	8,760	26,939	23,915	23,915	27,348	23,490	23,419
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		294,993	493,414	317,086	238,882	237,755	237,755	277,978	278,729	294,195
Electricity		-	-	-	-	-	-	-	-	-
Water		181,329	482,772	314,870	235,955	234,688	234,688	274,731	275,386	290,664
Waste water management		113,663	10,642	2,216	2,927	3,067	3,067	3,247	3,343	3,530
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	376,463	651,544	450,765	466,586	457,593	460,773	580,552	551,754	584,861
Surplus/(Deficit) for the year		80,576	38,727	347,279	247,474	308,426	305,246	175,800	235,068	297,665

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification.

Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and Expenditure by municipal vote

DC23 Uthukela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
100 - COUNCIL		230,769	-	-	-	-	-	-	-	-
105 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
200 - CORPORATE SERVICES		-	32,687	-	-	-	-	-	-	-
300 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-
400 - TECHNICAL AND INFRASTRUCTURAL DEV S		71,609	-	-	-	-	-	-	-	-
405 - PLANNING AND SOCIAL ECONOMIC DEVELO		11,801	-	-	-	-	-	-	-	-
408 - HEALTH SERVICES		-	-	-	-	-	-	-	-	-
700 - WATER AND SANITATION SERVICES		142,860	-	-	-	-	-	-	-	-
105 - MUNICIPAL MANAGER		-	285,910	37,743	41,140	41,140	41,140	48,867	52,862	56,896
200 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
300 - BUDGET AND TREASURY		-	4,411	241,637	258,196	255,352	255,352	272,063	289,453	310,291
405 - SOCIAL SERVICES		-	1,007	890	717	250	250	250	1,200	-
500 - TECHNICAL SERVICES		-	190,900	353,560	212,057	272,947	272,947	240,324	234,038	290,836
510 - WATER AND SANITATION SERVICES		-	175,355	164,213	201,950	196,330	196,330	194,848	209,269	224,503
408 - HEALTH & WATER SERVICES AUTHORITY		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	457,039	690,271	798,043	714,060	766,019	766,019	756,352	786,822	882,526
Expenditure by Vote to be appropriated	1									
100 - COUNCIL		12,254	-	-	-	-	-	-	-	-
105 - MUNICIPAL MANAGER		4,621	-	-	-	-	-	-	-	-
200 - CORPORATE SERVICES		18,862	-	-	-	-	-	-	-	-
300 - BUDGET AND TREASURY		16,177	-	-	-	-	-	-	-	-
400 - TECHNICAL AND INFRASTRUCTURAL DEV S		13,485	-	-	-	-	-	-	-	-
405 - PLANNING AND SOCIAL ECONOMIC DEVELO		23,485	-	-	-	-	-	-	-	-
408 - HEALTH SERVICES		6,071	-	-	-	-	-	-	-	-
700 - WATER AND SANITATION SERVICES		281,508	-	-	-	-	-	-	-	-
105 - MUNICIPAL MANAGER		-	39,883	64,054	49,743	41,739	41,739	50,911	46,531	48,926
200 - CORPORATE SERVICES		-	32,675	26,262	35,080	40,614	40,614	58,423	46,515	49,055
300 - BUDGET AND TREASURY		-	27,645	23,332	104,843	98,456	101,636	123,532	123,231	130,804
405 - SOCIAL SERVICES		-	57,928	20,031	38,039	39,028	39,028	27,348	23,490	23,419
500 - TECHNICAL SERVICES		-	4,913	3,456	7,806	7,523	7,523	7,089	4,918	5,148
510 - WATER AND SANITATION SERVICES		-	488,501	313,630	231,075	230,233	230,233	270,889	273,811	289,047
408 - HEALTH & WATER SERVICES AUTHORITY		-	-	-	-	-	-	42,359	33,259	38,462
Total Expenditure by Vote	2	376,463	651,544	450,765	466,586	457,593	460,773	580,552	551,754	584,861
Surplus/(Deficit) for the year	2	80,576	38,727	347,279	247,474	308,426	305,246	175,800	235,068	297,665

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the District.

TABLE 8: Budgeted Cash Flow

DC23 Uthukela - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges									-	-	-
Service charges		38,281	88,529	(202,305)	69,550	98,817	98,479	98,479	107,320	123,165	140,323
Other revenue							338	338	358	377	398
Government - operating	1	226,470	289,855	267,042	306,828	301,695	301,695	301,695	318,371	339,839	365,525
Government - capital	1	213,561	213,169	259,510	209,225	269,658	269,658	269,658	237,940	234,038	290,836
Interest		19,048	39,237	44,045	16,603	23,219	23,219	23,219	13,324	15,517	17,871
Dividends		3,020							-	-	-
Payments											
Suppliers and employees		(363,345)	(464,914)	(255,218)	(378,235)	(373,197)	(373,197)	(373,197)	(487,612)	(454,113)	(480,795)
Finance charges		(2,856)	(2,432)	(2,549)	(1,311)	(1,075)	(1,075)	(1,075)	(60)	(64)	(67)
Transfers and Grants	1			(83,732)	(11,900)	(12,480)	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		134,179	163,444	26,793	210,760	306,637	319,117	319,117	189,640	258,760	334,091
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				(5,644)					-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments					30,000				-	-	-
Payments											
Capital assets		(38,107)	(101,466)	(222,577)	(223,288)	(367,027)	(367,027)	(367,027)	(319,070)	(235,068)	(297,665)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(38,107)	(101,466)	(228,221)	(193,288)	(367,027)	(367,027)	(367,027)	(319,070)	(235,068)	(297,665)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans				183,272					-	-	-
Borrowing long term/refinancing		2,450	770		-				-	-	-
Increase (decrease) in consumer deposits				631	554	631	394	394	413	437	462
Payments											
Repayment of borrowing		(2,156)	(2,380)	(4,693)	(4,472)	(3,155)			-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		294	(1,609)	179,209	(3,918)	(2,524)	394	394	413	437	462
NET INCREASE/ (DECREASE) IN CASH HELD		96,366	60,369	(22,219)	13,554	(62,914)	(47,516)	(47,516)	(129,017)	24,129	36,889
Cash/cash equivalents at the year begin:	2	(7,962)	88,404	148,773	151,308	126,554	126,554	126,554	176,047	47,030	71,159
Cash/cash equivalents at the year end:	2	88,404	148,773	126,554	164,861	63,639	79,038	79,038	47,030	71,159	108,047

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

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

TABLE 9: FINANCIAL POSITION

DC23 Uthukela - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		8	692	24 226	7	24 226	24 226	24 226	25 389	26 887	28 472
Call investment deposits	1	88 396	152 608	102 328	164 854	39 413	54 812	54 812	21 641	44 272	79 575
Consumer debtors	1	180 647	41 660	126 138	287 226	291 299	291 299	291 299	320 315	304 319	289 105
Other debtors		13 001	1 101	10 821	15 768	15 768	15 768	15 768	12 503	13 241	14 022
Current portion of long-term receivables											
Inventory	2	3 704	5 853	4 589	7 798	7 798	7 798	7 798	8 266	8 762	9 288
Total current assets		285 756	201 914	268 102	475 654	378 504	393 903	393 903	388 114	397 481	420 462
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	712 293	812 442	1 482 944	1 191 410	2 252 644	1 827 036	1 827 036	2 094 782	2 273 091	2 507 020
Agricultural											
Biological											
Intangible		49	47	109	45	109	106	106	103	100	97
Other non-current assets											
Total non current assets		712 342	812 489	1 483 053	1 191 455	2 252 753	1 827 142	1 827 142	2 094 885	2 273 191	2 507 117
TOTAL ASSETS		998 098	1 014 403	1 751 155	1 667 109	2 631 257	2 221 045	2 221 045	2 482 999	2 670 672	2 927 579
LIABILITIES											
Current liabilities											
Bank overdraft	1		4 527								
Borrowing	4	3 865	5 176	4 974	3 543	3 155	125	125	-	-	-
Consumer deposits		8 408	8 759	9 390	9 784	9 784	9 784	9 784	9 954	10 551	11 184
Trade and other payables	4	252 645	233 989	140 337	132 486	78 299	78 299	78 299	110 500	69 756	69 558
Provisions		148	167	938	23 450	23 450	13 214	13 214	13 846	14 546	15 312
Total current liabilities		265 066	252 618	155 639	169 263	114 688	101 422	101 422	134 300	94 853	96 054
Non current liabilities											
Borrowing		12 458	9 538	5 046	6 051	1 891	-	-	-	-	-
Provisions		3 310	3 693	10 266	4 031	4 031	11 204	11 204	12 925	14 504	16 278
Total non current liabilities		15 768	13 231	15 312	10 082	5 922	11 204	11 204	12 925	14 504	16 278
TOTAL LIABILITIES		280 834	265 849	170 951	179 345	120 610	112 626	112 626	147 225	109 357	112 332
NET ASSETS	5	717 263	748 554	1 580 204	1 487 764	2 510 647	2 108 419	2 108 419	2 335 774	2 561 315	2 815 247
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		717 263	748 554	1 579 981	1 487 764	2 510 647	2 108 419	2 108 419	2 335 774	2 561 315	2 815 247
Reserves	4	-	-	223	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	717 263	748 554	1 580 204	1 487 764	2 510 647	2 108 419	2 108 419	2 335 774	2 561 315	2 815 247

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first

Part 2 – Supporting Documentation

3.4 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The primary aims of the Budget / Finance Committee is to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the District'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.

3.4.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

Month	MFMA Ref.	Mayor and Council	Responsibility	MFMA Ref.	Administration - Municipality	Responsibility
July	MFMA s 53	<ul style="list-style-type: none"> • Begin planning for next three-year budget in accordance with co-ordination role of budget process • Review previous year's budget process; • Complete Budget Evaluation Checklist. 	Mayor	MFMA s 68, 77 MSA s 76-81	<ul style="list-style-type: none"> • Begin planning for next three-year budget • Review options and contracts for service delivery 	Accounting Officer and Senior Officials
August	MFMA s 21,22, 23; MSA s 34, Ch 4 as amended	<ul style="list-style-type: none"> • Table in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget and reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes. 	Mayor			
September		<ul style="list-style-type: none"> • Through the IDP review process determine strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans 	Council		<ul style="list-style-type: none"> • Determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives • Engage with Provincial and National sector departments on sector specific programs for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc) 	Budget and Treasury Office
October				MFMA s 35, 36, 42; MTBPS	<ul style="list-style-type: none"> • Perform initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials 	Accounting Officer

Month	MFMA Ref.	Mayor and Council	Responsibility	MFMA Ref.	Administration - Municipality	Responsibility
November				MSA s 34	<ul style="list-style-type: none"> Review and draft initial changes to IDP 	Accounting Officer
December					<ul style="list-style-type: none"> Consolidate and prepare proposed budget and plans for next financial year taking into account previous year's performance as per audited financial statements 	Accounting officer and Senior officials
January				MFMA s 36	<ul style="list-style-type: none"> Review proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. 	Accounting officer
February				MFMA s 37(2)	<ul style="list-style-type: none"> Finalize and submit to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report Notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year 	Accounting officer
March	MFMA s 16, 22, 23, 87 MSA s 34	<ul style="list-style-type: none"> Table before Council municipality's budget, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year 	Mayor	MFMA s 22 & 37; MSA Ch 4 as amended MFMA s 42	<ul style="list-style-type: none"> Publish tabled budget, plans, and proposed revisions to IDP; Invites local community comment; and Submit to National and Provincial Treasuries Review any changes in prices for bulk resources as communicated by 15 March 	Accounting officer

Month	MFMA Ref.	Mayor and Council	Responsibility	MFMA Ref.	Administration - Municipality	Responsibility
April	MFMA s 21	<ul style="list-style-type: none"> Consultation with national and provincial treasuries and finalise sector plans for water and sanitation. 			<ul style="list-style-type: none"> Assist the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year 	Accounting officer
May	MFMA s 23, 24; MSA Ch 4 as amended	<ul style="list-style-type: none"> Conduct public hearings on the budget, and council debate; Considers views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration; Consider approval of budget and plans at least 30 days before start of budget year. 	Council		<ul style="list-style-type: none"> Assist the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature 	Accounting officer
May/June	MFMA s 16, 24, 26, 53	<ul style="list-style-type: none"> Approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year Approve SDBIP within 28 days after approval of the budget and ensure that annual performance 	Council Mayor Mayor	MFMA s 69; MSA s 57 MFMA s 75, 87	<ul style="list-style-type: none"> Submit to the Mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA. Publish the adopted budget and plans in the municipal website and local media 	Accounting officer

Month	MFMA Ref.	Mayor and Council	Responsibility	MFMA Ref.	Administration - Municipality	Responsibility
	MFMA s 59, 79, 82; MSA s 59-65	<p>contracts are concluded in accordance with s 57(2) of the MSA.</p> <ul style="list-style-type: none"> • Ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. • Submit the approved SDBIP and performance agreements to council, MEC for local government and make public within 14 days after approval. • Finalise a system of delegations. 	<p>Mayor</p> <p>Council</p>			

3.5 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the District, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the district strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the District's response to these requirements.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the District to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial

The 2015/16 MTREF has therefore been directly informed by the IDP revision process

3.6 Legislation compliance status

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

1. In year reporting

Section 71 reports are prepared in a prescribed format as per National Treasury Reporting format.

2. Internship programme

The District is participating in the Municipal Financial Management Internship programme and had employed five interns whom had undergoing training in various divisions of the Financial Services Department .As from 08 July 2013

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Annual Report

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

6. MFMA Training

The MFMP competency training has been conducted by municipal officials and other finance municipal official are still undergoing the training.

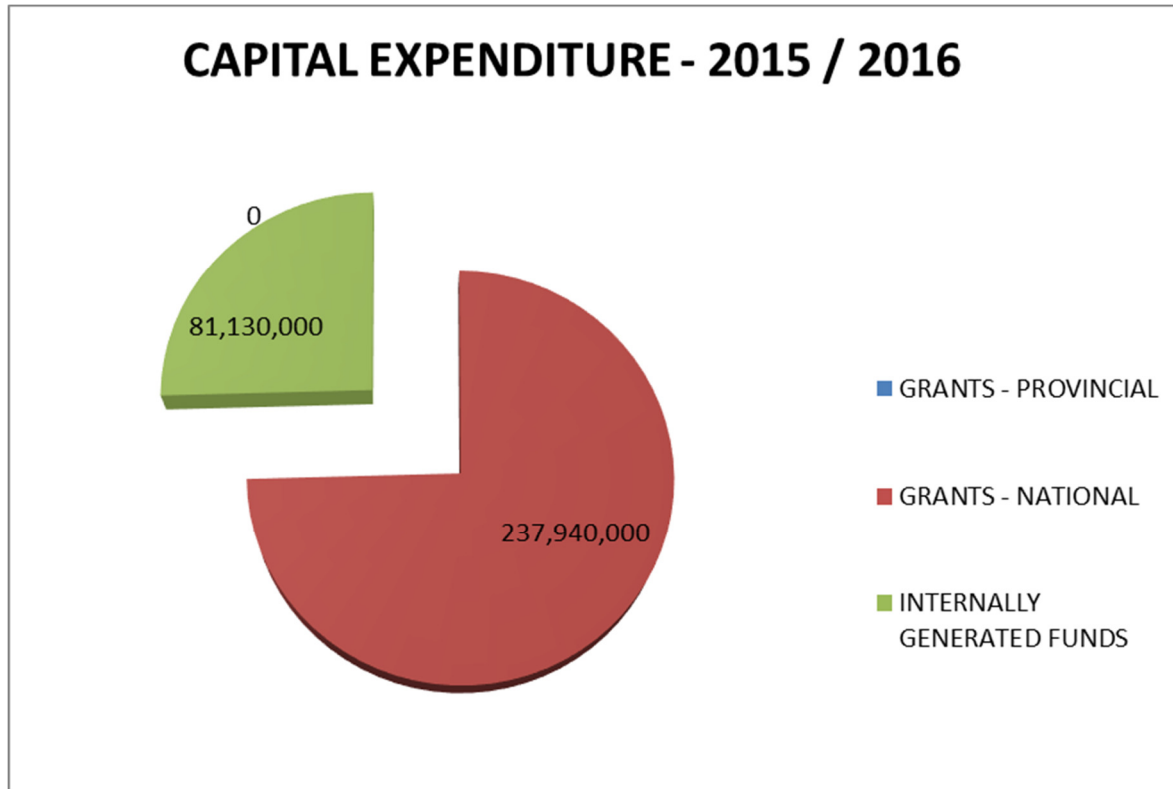
3.7 Other supporting documents

3.7.1 CAPITAL BUDGET BY DEPARTMENTS

DEPARTMENT	DESCRIPTION	FUNDING	2015/2016	2016/2017	2017/18
TECHNICAL					
	Implementation of water and sanitation projects as per WSDP	MIG /NT	181,247,000.00	188,853,000	200,253,000
	RURAL HOUSEHOLD INFRASTRUCTURE	NT	4,382,000.00	4,500,000	5,000,000
	RURAL ROAD ASSET MANAGEMENT	RRAM /NT	2,311,000.00	2,378,000	2,531,000
	OFFICE FURNITURE	UTDM	100,000	80,000	40,000
	MUNICIPAL WATER INFRASTRUCTURE GRANT	NT	50,000,000	38,307,000	83,052,000
	OFFICE EQUIPMENT		50,000	40,000	40,000
	DISTRICT WIDE WATER PROJECTS	UTDM	30,000,000		5,318,662
	DISTRICT WIDE SANITATION PROJECTS	UTDM	20,000,000		
			288,090,000.00	234,158,000.00	296,234,662.00
WATER					
	OFFICE FURNITURE	UTDM	80,000	40,000	30,000
	OFFICE EQUIPMENT	UTDM	70,000	50,000	40,000
			150,000	90,000	70,000
SOCIAL SERVICES					
	MUNICIPAL BUILDING	UTDM	28,000,000		
	OFFICE FURNITURE	UTDM	100,000	100,000	150,000
	OFFICE EQUIPMENT	UTDM	50,000	0	40,000
	OFFICE FURNITURE-HEALTH	UTDM	10,000	0	30,000
	OFFICE EQUIPMENT-HEALTH	UTDM	50,000	20,000	10,000
	LAB EQUIPMENT - HEALTH	UTDM	200,000	50,000	20,000
			28,410,000	170,000	250,000
CORPORATE SERVICES					
	OFFICE FURNITURE	UTDM	300,000	40,000	20,000
	OFFICE EQUIPMENT	UTDM	50,000	20,000	0
	IT - EQUIPMENT	UTDM	1,000,000	500,000	1,000,000
			1,350,000	560,000	1,020,000

FINANCE					
	OFFICE FURNITURE	UTDM	150,000	30,000	20,000
	OFFICE EQUIPMENT	UTDM	90,000	40,000	0
			240,000	70,000	20,000
MUNICIPAL MANAGER					
	OFFICE FURNITURE	UTDM	100,000	20,000	30,000
	OFFICE EQUIPMENT	UTDM	80,000	0	40,000
			180,000	20,000	70,000
COUNCIL					
	OFFICE FURNITURE	UTDM	80,000	0	0
	OFFICE EQUIPMENT	UTDM	70,000		
	DOUBLE CAB	UTDM	500,000		
			650,000	0	0
	TOTAL CAPITAL EXPENDITURE		319,070,000	235,068,000	297,664,662
	FUNDING				
	GRANTS - PROVINCIAL		0	0	0
	GRANTS - NATIONAL		237,940,000	234,038,000	290,836,000
	INTERNALLY GENERATED FUNDS		81,130,000	1,030,000	6,828,662
	TOTAL CAPITAL EXPENDITURE FUNDING		319,070,000	235,068,000	297,664,662

3.7.1(a):



Capital Grants For the 2015/16 financial year, an amount of R237 940 mill of capital expenditure is funded by grants and R81 130 mil by Municipal own revenue.

The Municipality is grant depended; this has caused the Municipality being unable to budget for the 40% of its capital as per treasury guidelines towards renewal of assets. This is as a result of cash flow constrains. The Municipality has tried to increase its percentage by using its reserves to fund operational and capital budget i.e. Repairs and Maintenance, and renewal and new capital assets

The graph above shows the split in capital funding between the grants and own revenue.

3.7.2. CAPITAL GRANTS PROJECTS

RURAL ROAD ASSET MANAGEMENT					
PROJECT NAME	LOCALITY	REPOSIBLE DEPARTMENT	TYPE (Phased Ongoing Periodic)	FUNDER	AMOUNT
RRAMS	District wide	Technical		DOT	2,311,000

MUNICIPAL INFRASTRUCTURE GRANT					
PROJECT NAME	LOCALITY	REPOSIBLE DEPARTMENT	TYPE (Phased Ongoing Periodic)	FUNDER	AMOUNT
Bergville bulk water supply(extension&reticulation	Okhahlamba	Technical		MIG	4 028 000.00
Ntabamhlophe water supply phase 4-13	Imbabazane	Technical		MIG	31 080 000.00
Bhekuzulu-Ephangweni community water supply	Imbabazane	Technical		MIG	38 234 200.00
Ezakheni-Emnambithi bulk water infrastructure		Technical		MIG	22 636 000.00
Kwanobamba ezitendeni(Wennen)water supply	Umtshezi	Technical		MIG	50 175 000.00
Ezakheni sewer Complexion	Mnambithi	Technical		MIG	7 000 000.00
Bergville sanitation project	Okhahlamba	Technical		MIG	13 544 000.00
Ezakheni E sanitation	Emnambithi	Technical		MIG	4 038 200.00
Ezakheni E water	Emnambithi	Technical		MIG	10 511 600.00

REGIONAL BULK INFRASTRUCTURE GRANT					
PROJECT NAME	LOCALITY	REPOSIBLE DEPARTMENT	TYPE (Phased Ongoing Periodic)	FUNDER	AMOUNT
Driefontein upgrading of Burford water supply scheme	Emnambithi	Technical services		(DWA)RBIG	95,000,000

MUNICIPAL WATER INFRASTRUCTURE GRANT					
PROJECT NAME	LOCALITY	REPOSIBLE DEPARTMENT	TYPE (Phased Ongoing Periodic)	FUNDER	AMOUNT
Ezakheni water conservation and demand management	Emnambithi	Technical services		MWIG	21,000,000
Okhahlamba & Indaka Boreholes	Okhahlamba & Indaka	Technical services		MWIG	6,000,000
Mimosadale upgrade	Umtshezi	Technical services		MWIG	18,000,000
Wembezi WCDM	Umtshezi	Technical services		MWIG	5,000,000
TOTAL FUNDING					50,000,000

RURAL HOUSEHOLD INFRASTRUCTURE GRANT					
PROJECT NAME	LOCALITY	REPOSIBLE DEPARTMENT	TYPE (Phased Ongoing Periodic)	FUNDER	AMOUNT
Emnabithi /Ladysmith ward 16	Ward 16	Technical Department		Human Settlement	4,382,000

3.7.3 Transfers and Grant Receipts

DC23 Uthukela - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		227 720	272 281	267 042	300 978	301 445	301 445	318 121	338 639	365 525
Local Government Equitable Share		225 680	253 183	220 192	245 822	245 822	245 822	261 605	278 357	298 301
RSC Levy Replacement				37 710	41 140	41 140	41 140	44 198	47 937	51 710
Finance Management		1 250	1 319	1 250	1 250	1 250	1 250	1 325	1 460	1 795
Municipal Systems Improvement		790	1 007	890	467	934	934	940	960	1 033
EPWP Incentive			454	1 000	3 299	3 299	3 299	2 384	-	-
Water Services Operating Subsidy			7 193	6 000	9 000	9 000	9 000	3 000	5 000	7 500
DWA			9 124							
SPECIAL SUPPORT FOR COUNCILLORS REMU		-	-	-				4 669	4 925	5 186
						-	-			
Provincial Government:		-	5 817	-	5 850	250	250	250	1 200	-
Sport and Recreation										
shared services					250	250	250	250	1 200	-
data cleansing			3 092							
council training			200							
KZN Projects			2 525							
Small town rehabilitation					5 600	-	-			
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Operating Transfers and Grants	5	227 720	278 098	267 042	306 828	301 695	301 695	318 371	339 839	365 525
Capital Transfers and Grants										
National Government:		101 879	216 573	194 784	209 045	269 648	269 648	237 940	234 038	290 836
Municipal Infrastructure Grant (MIG)		69 483	187 952	174 260	177 319	177 319	177 319	181 247	188 853	200 253
Rural Roads Asset Management				1 999	2 135	2 315	2 315	2 311	2 378	2 531
Rural Households Infrastructure				4 000	4 124	4 124	4 124	4 382	4 500	5 000
Regional Bulk Infrastructure		32 396	28 621	14 525	25 000	82 000	82 000	-	-	-
FMG						-	-			
MSIG					467	-	-			
MWIG								50 000	38 307	83 052
ACIP						3 890	3 890			
Provincial Government:		-	12 964	-	-	-	-	-	-	-
massification programme			12 964							
corridor development										
sports infrastructure										
KZN PROJECTS			7 885							
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Capital Transfers and Grants	5	101 879	229 537	194 784	209 045	269 648	269 648	237 940	234 038	290 836
TOTAL RECEIPTS OF TRANSFERS & GRANTS		329 599	507 635	461 826	515 873	571 343	571 343	556 311	573 877	656 361

3.7.4 Expenditure on Transfers and Grant Programme

DC23 Uthukela - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		227 720	272 281	268 021	300 978	301 445	301 445	318 121	338 639	365 525
Local Government Equitable Share		225 680	253 183	220 192	245 822	245 822	245 822	261 605	278 357	298 301
RSC Levy Replacement				37 710	41 140	41 140	41 140	44 198	47 937	51 710
Finance Management		1 250	1 319	1 581	1 250	1 250	1 250	1 325	1 460	1 795
Municipal Systems Improvement		790	1 007	890	467	934	934	940	960	1 033
EPWP Incentive			454	3 200	3 299	3 299	3 299	2 384		
Water Services Operating Subsidy			7 193	4 448	9 000	9 000	9 000	3 000	5 000	7 500
SPECIAL SUPPORT FOR COUNCILLORS REMU dwa 0		-	9 124	-				4 669	4 925	5 186
Provincial Government:		-	5 817	-	5 850	250	250	250	1 200	-
Sport and Recreation shared services data cleansing council training Small Town Rehabilitation kzn projects			3 092 200 2 525		250 5 600	250 -	250 -	250 1 200	1 200 -	- -
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		227 720	278 098	268 021	306 828	301 695	301 695	318 371	339 839	365 525
Capital expenditure of Transfers and Grants										
National Government:		101 879	216 573	322 821	209 225	269 648	269 648	237 940	234 038	290 836
Municipal Infrastructure Grant (MIG)		69 483	187 952	233 809	177 319	177 319	177 319	181 247	188 853	200 253
Rural Roads Asset Management				2 000	2 315	2 315	2 315	2 311	2 378	2 531
Rural Households Infrastructure				-	4 124	4 124	4 124	4 382	4 500	5 000
Regional Bulk Infrastructure		32 396	28 621	75 274	25 000	82 000	82 000	-	-	-
MSIG					467	-	-			
MWIG				11 738	-	-	-	50 000	38 307	83 052
ACIP					-	3 890	3 890			
0										
Provincial Government:		-	12 964	20 402	-	-	-	-	-	-
massification programme corridor development Sports infrastructure KZN PROJECTS			12 964 7 885	20 402						
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		101 879	229 537	343 223	209 225	269 648	269 648	237 940	234 038	290 836
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		329 599	507 635	611 244	516 053	571 343	571 343	556 311	573 877	656 361

3.7.5. Cash backed reserves / accumulated surplus reconciliation

DC23 Uthukela - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	88,404	148,773	126,554	164,861	63,639	79,038	79,038	47,030	71,159	108,047
Other current investments > 90 days		(0)	(0)	(0)	0	(0)	0	0	(0)	0	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		88,404	148,773	126,554	164,861	63,639	79,038	79,038	47,030	71,159	108,047
Application of cash and investments											
Unspent conditional transfers		126,351	133,390	41,560	54,187	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2							-	-	-	-
Other working capital requirements	3	32,920	55,980	269,486	(45,903)	(95,959)	(95,959)	(95,959)	(76,121)	(122,123)	(126,828)
Other provisions							3,421	3,421	3,429	3,635	3,853
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5						-	-	-	-	-
Total Application of cash and investments:		159,271	189,370	311,046	8,284	(95,959)	(92,538)	(92,538)	(72,692)	(118,488)	(122,975)
Surplus(shortfall)		(70,867)	(40,597)	(184,492)	156,577	159,598	171,576	171,576	119,722	189,647	231,022

3.7.6 Asset Management

DC23 Uthukela - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	38,107	101,466	425,549	259,176	354,118	354,118	267,070	234,238	296,835
Infrastructure - Road transport		-	-	-	2,315	2,315	2,315	2,311	2,378	2,531
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		33,951	96,913	343,000	146,432	231,922	231,922	158,898	151,739	208,603
Infrastructure - Sanitation		-	-	65,000	55,887	55,887	55,887	72,499	75,541	80,101
Infrastructure - Other		-	-	-	7,624	11,624	11,624	4,382	4,500	5,000
Infrastructure		33,951	96,913	408,000	212,258	301,748	301,748	238,090	234,158	296,235
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	4,156	4,553	17,549	46,918	52,370	52,370	28,980	80	600
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	65	18,299	12,909	12,909	52,000	620	830
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	13,249	8,859	8,859	50,000	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	3,500	2,500	2,500	-	-	-
Infrastructure		-	-	-	16,749	11,359	11,359	50,000	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	1,550	1,550	1,550	2,000	620	830
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	65	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	2,315	2,315	2,315	2,311	2,378	2,531
Infrastructure - Road transport		-	-	-	2,315	2,315	2,315	2,311	2,378	2,531
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		33,951	96,913	343,000	159,681	240,781	240,781	208,898	151,739	208,603
Infrastructure - Sanitation		-	-	65,000	55,887	55,887	55,887	72,499	75,541	80,101
Infrastructure - Other		-	-	-	11,124	14,124	14,124	4,382	4,500	5,000
Infrastructure		33,951	96,913	408,000	229,007	313,107	313,107	288,090	234,158	296,235
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	4,156	4,553	17,549	48,468	53,920	53,920	30,980	700	1,430
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	65	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	38,107	101,466	425,614	277,475	367,027	367,027	319,070	234,858	297,665
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport					2,315	2,315	2,239	4,473	6,773	9,227
Infrastructure - Electricity					-	-	-	-	-	-
Infrastructure - Water		506,205	602,277	1,064,245	795,789	1,838,589	1,356,377	1,566,217	1,762,567	1,999,012
Infrastructure - Sanitation		195,815	187,548	110,149	277,266	277,266	141,508	192,200	235,935	276,797
Infrastructure - Other		1,264	5,697	2,554	50,652	50,652	2,554	2,554	2,554	2,554
Infrastructure		703,284	795,522	1,176,948	1,126,022	2,168,822	1,502,679	1,765,444	2,007,829	2,287,590
Community										
Heritage assets										
Investment properties										
Other assets		9,009	16,920	305,996	65,388	83,822	324,357	343,816	364,445	386,312
Agricultural Assets										
Biological assets										
Intangibles		49	47	109	45	109	106	103	100	97
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	712,342	812,489	1,483,053	1,191,455	2,252,753	1,827,142	2,109,363	2,372,374	2,673,999
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		26,998	31,838	38,999	44,689	44,660	44,660	51,430	56,759	63,736
Repairs and Maintenance by Asset Class	3	14,268	16,088	22,082	54,450	48,552	48,552	59,605	51,576	57,950
Infrastructure - Road transport		-	-	1,500	1,575	1,575	1,575	1,670	1,770	1,908
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		12,195	9,528	13,750	15,000	16,776	16,776	21,797	22,113	22,848
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	24,000	22,665	22,665	25,000	15,475	19,827
Infrastructure		12,195	9,528	15,250	40,575	41,016	41,016	48,467	39,358	44,583
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	2,073	6,560	6,832	13,875	7,536	7,536	11,137	12,218	13,367
TOTAL EXPENDITURE OTHER ITEMS		41,266	47,926	61,081	99,139	93,212	93,212	111,035	108,335	121,686

3.7.7 MBRR Table A10 - Basic Service Delivery Measurement

DC23 Uthukela - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets										
Water:										
Piped water inside dwelling	1	73,880	73,880	78,313	78,180	78,180	78,180	82,870	82,870	87,842
Piped water inside yard (but not in dwelling)	2	43,621	43,621	46,238	46,160	46,160	46,160	48,929	48,929	51,864
Using public tap (at least min.service level)	4									
Other water supply (at least min.service level)	2									
<i>Minimum Service Level and Above sub-total</i>		117,501	117,501	124,551	124,340	124,340	124,340	131,799	131,799	139,706
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply		29,785	29,785	31,572	31,518	31,518	31,518	33,409	33,409	35,413
<i>Below Minimum Service Level sub-total</i>		29,785	29,785	31,572	31,518	31,518	31,518	33,409	33,409	35,413
Total number of households	5	147,286	147,286	156,123	155,858	155,858	155,858	165,208	165,208	175,119
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)		57,225	57,225	60,659	60,555	60,555	60,555	64,188	64,188	68,039
Chemical toilet										
Pit toilet (ventilated)		70,509	70,509	74,740	74,613	74,613	74,613	79,089	79,089	83,834
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		127,734	127,734	135,398	135,168	135,168	135,168	143,277	143,277	151,873
Bucket toilet		1,551	1,551	1,644	1,641	1,641	1,641	1,739	1,739	1,843
Other toilet provisions (< min.service level)										
No toilet provisions		12,398	12,398	13,142	13,120	13,120	13,120	13,907	13,907	14,741
<i>Below Minimum Service Level sub-total</i>		13,949	13,949	14,786	14,761	14,761	14,761	15,646	15,646	16,584
Total number of households	5	141,683	141,683	150,184	149,929	149,929	149,929	158,923	158,923	168,457
Energy:										
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>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		48,821	51,750	54,855	58,147	61,635	65,334	69,254	73,409	77,813
<i>Minimum Service Level and Above sub-total</i>		48,821	51,750	54,855	58,147	61,635	65,334	69,254	73,409	77,813
Removed less frequently than once a week		1,304	1,382	1,465	1,553	1,646	1,745	1,850	1,961	2,078
Using communal refuse dump		1,941	2,057	2,181	2,312	2,450	2,597	2,753	2,919	3,094
Using own refuse dump		77,688	82,349	87,290	92,528	98,079	103,964	110,202	116,814	123,823
Other rubbish disposal		1,756	1,861	1,973	2,091	2,217	2,350	2,491	2,640	2,799
No rubbish disposal		15,777	16,724	17,727	18,791	19,918	21,113	22,380	23,723	25,146
<i>Below Minimum Service Level sub-total</i>		98,466	104,374	110,636	117,275	124,311	131,770	139,676	148,056	156,940
Total number of households	5	147,287	156,124	165,492	175,421	185,946	197,103	208,929	221,465	234,753
Households receiving Free Basic Service										
Water (6 kilolitres per household per month)	7				60,694	64,335	68,198	64,335	68,195	72,290
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)										
Cost of Free Basic Services provided (R'000)										
Water (6 kilolitres per household per month)	8				0	0	0	0	0	0
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed once a week)										
Total cost of FBS provided (minimum social package)		-	-	-	0	0	0	0	0	0
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)										
Property rates (R15 000 threshold rebate)	9									
Property rates (other exemptions, reductions and rebates)										
Water		80,207	108,715	83,732	6,300	12,480	12,480	13,228	14,022	14,863
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of free services provided (total social package)		80,207	108,715	83,732	6,300	12,480	12,480	13,228	14,022	14,863

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

3.7.8 Salaries

DC23 Uthukela - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5,502	4,792	4,702	3,404	8,853	8,853	3,832	4,010	4,196
Pension and UIF Contributions				1		-	-			
Medical Aid Contributions						-	-			
Motor Vehicle Allowance					1,034	1,011	1,011	1,056	1,105	1,157
Cellphone Allowance					181	426	426	444	465	487
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		5,502	4,792	4,703	4,619	10,290	10,290	5,332	5,580	5,840
% increase	4		(12.9%)	(1.9%)	(1.8%)	122.8%	-	(48.2%)	4.6%	4.7%
Senior Managers of the Municipality										
Basic Salaries and Wages		3,105	3,282	4,296	6,663	6,663	6,663	7,955	8,265	8,649
Pension and UIF Contributions				69						
Medical Aid Contributions										
Overtime										
Performance Bonus					666	666	666	696	727	760
Motor Vehicle Allowance	3	828	336	747						
Cellphone Allowance	3									
Housing Allowances	3	36	32	127						
Other benefits and allowances	3	680	79	140						
Payments in lieu of leave				50						
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		4,649	3,729	5,429	7,329	7,329	7,329	8,651	8,992	9,410
% increase	4		(19.8%)	45.6%	35.0%	-	-	18.0%	3.9%	4.7%
Other Municipal Staff										
Basic Salaries and Wages		85,587	98,924	76,474	104,820	81,780	81,780	151,329	158,426	165,793
Pension and UIF Contributions		7,314	9,948	11,439	14,194	14,163	14,163	19,338	20,237	21,178
Medical Aid Contributions		2,786	3,088	3,341	5,020	3,860	3,860	4,592	4,805	5,029
Overtime				15,997	3,135	16,967	16,967	11,146	11,664	12,207
Performance Bonus			3,292		-	-	-	-	-	-
Motor Vehicle Allowance	3			4,907	9,965	7,212	7,212	9,436	9,875	10,334
Cellphone Allowance	3				-	-	-	-	-	-
Housing Allowances	3			445	1,490	776	776	1,709	1,789	1,872
Other benefits and allowances	3	2,996	938	12,183	13,255	6,442	6,442	11,388	11,917	12,472
Payments in lieu of leave			2,633	(334)	1,113	1,399	1,399	1,789	1,872	1,959
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		98,683	118,823	124,452	152,992	132,599	132,599	210,727	220,585	230,844
% increase	4		20.4%	4.7%	22.9%	(13.3%)	-	58.9%	4.7%	4.7%
Total Parent Municipality		108,834	127,344	134,584	164,940	150,218	150,218	224,710	235,157	246,093
			17.0%	5.7%	22.6%	(8.9%)	-	49.6%	4.6%	4.7%
TOTAL SALARY, ALLOWANCES & BENEFITS		108,834	127,344	134,584	164,940	150,218	150,218	224,710	235,157	246,093
% increase	4		17.0%	5.7%	22.6%	(8.9%)	-	49.6%	4.6%	4.7%
TOTAL MANAGERS AND STAFF	5,7	103,332	122,552	129,881	160,321	139,928	139,928	219,378	229,577	240,253

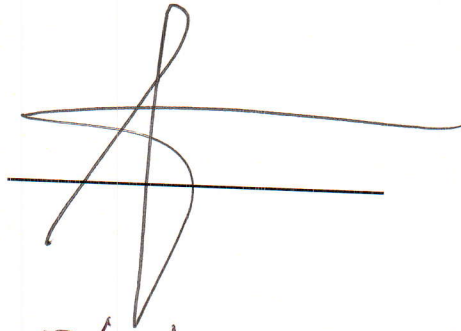
Municipal manager's quality certificate

I **Sifiso Nicholas Kunene**, municipal manager of Uthukela District Municipality, hereby certify that the 2015 /2016 annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Sifiso Nicholas Kunene

Municipal manager of Uthukela District Municipality

Signature

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line extending to the right, and a vertical line that loops back down and to the left, crossing the horizontal line.

Date

02/06/2015