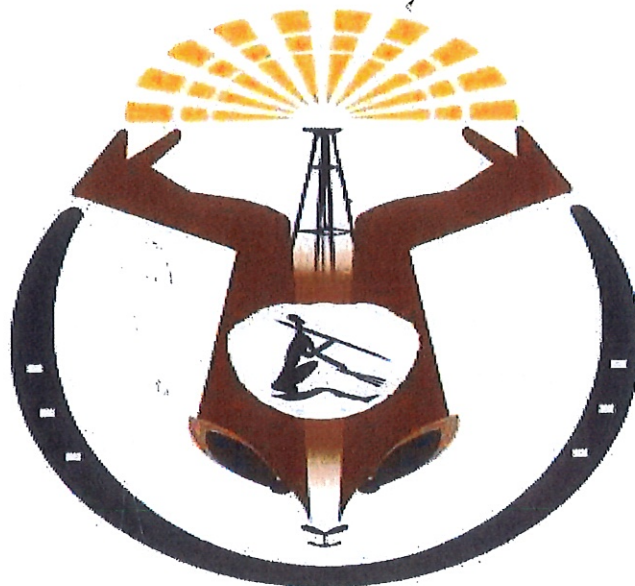


UBUNTU LOCAL MUNICIPALITY

Draft Budget

2020-2021

Ubuntu Municipality



*menswaardigheid • hoop • erfenis
ubuntu • ithemba • izithethe
humanity • hope • heritage*

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DRAFT BUDGET OF
UBUNTU LOCAL
MUNICIPALITY

2020/21

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- **All public libraries within the municipality**
 - **At www.ubuntu.gov.za**



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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

We are indeed living in difficult times given the current Covid 19 pandemic that has rocked the entire world. It is important that as the Municipality, we play our role in terms of protecting the lives of our residents during this pandemic by unlocking all the resources that are at our disposal.

This budget is a service delivery-based budget as we are faced with the Covid 19 pandemic and ensuring that even after we have defeated the Corona Virus, the livelihood of our residents continue to improve.

Section 215 of the Constitution of the Republic of South Africa requires that all National, Provincial and Municipal budgets and budgetary processes promote the following principles -

- Transparency;
- Accountability; and
- The effective financial management of the economy, debt and the public sector.

In order to fulfill this constitutional obligation towards the citizens of South Africa, sound financial principles and policies should be adopted and applied by municipalities at all times.

Most municipalities in South Africa, with Ubuntu Municipality being no exception, are faced with numerous community needs, infrastructure backlogs and financial distress. The cash resources available to eradicate infrastructure backlogs, redeem the debt that was accrued in previous financial years and to attend to the vast number of needs are very limited to deplete. It is thus the responsibility of Council to strike the perfect balance between delivering high quality basic services while also ensuring that the municipality remain financially viable.

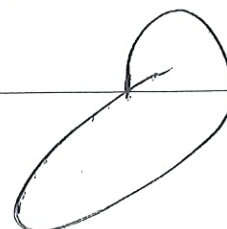
The municipality has been experiencing financial difficulties over recent years to the extent that all financial resources are almost depleted, while there are still significant liabilities that need to be settled.

From a sustainability point of view, it is of the utmost importance to ensure that budgets are implemented where cash resources are maintained (or even improved) at acceptable levels. In order to ensure that acceptable levels of cash are maintained at all times, the municipality should continuously explore the following options:

- Cut back on operational expenditure to a point where the budget will be cash funded.
- Council should refrain from allocating resources to non-priority expenditure items.
- Limit capital additions from own resources in times when own resources are scarce.
- Ensure vigorous and aggressive debt collection mechanisms are put in place. It is time that we as consumers starts paying for all the services that we need.

The following long-term strategies should also be explored:

- Explore avenues to increase internal revenue streams. Currently the only option for the municipality is to increase rates and tariffs. The municipality should however guard against excessive increases that might be counterproductive and lead to an increase in non-payment;



- Ensure that all departments with the ability to generate own revenue become cost reflective (i.e. traffic department, electricity, refuse and sanitation departments). These departments should not be financed from property rates or service charges; and/or
- Explore further avenues to obtain more grants funding for operating and capital purposes (keeping in mind the additional maintenance expenditure that will still be the liability of the municipality even though the additional capital acquisitions are financed from external sources).
- The municipality is herewith introducing the Small Scale Embedded Generation by law to stimulate and encourage alternative energy production. Kindly visit the by law that deals with this which is attached.

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan.

Fiscal constraints mean that transfers to municipalities will grow more slowly in the period ahead than they have in the past. Accordingly, municipalities must renew their focus on core service delivery functions and reduce costs without adversely affecting basic services. Furthermore, municipalities must ensure that efficiency gains, eradication of non-priority spending (cost containment measures) and the reprioritization of expenditure relating to core infrastructure continue to inform the planning framework.

The state of the economy has an adverse effect on the consumers. As a result, municipalities' revenues and cash flows are expected to remain under pressure. Furthermore, municipalities should carefully consider affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost. To assist municipalities, Government will also provide support to improve revenue collection.

The Medium-Term Strategic Framework (MTSF) priorities for structural reform over the period ahead include:

- Building the capacity of local government through the **“back to basics”** approach which will focus on improving service delivery, accountability and financial management. Local government should be effective and efficient; and this will be measured by its ability to perform the basic mandate of service delivery.
- Reshaping South Africa's urban environment through integrated spatial planning and an expansion of the municipal debt market. Municipalities play a critical role in growing the economy through well-planned and well-managed urbanization. In order to achieve this, large municipalities require massive investment to stimulate growth, maintain infrastructure and ensure that basic services are provided for growing populations. The municipality is also embarking on rewriting the core service master plans that will create the map for economic and other developments.

Sustainable job creation remains a national priority. Ubuntu Municipality is committed to this cause through the full participation in the Expanded Public Works Program (EPWP). The municipality does however recognize the fact that the EPWP incentive provided by National Government will not succeed as a stand-alone solution to address unemployment and poverty in the municipal area and for this reason the municipality will always strive to do more to assist the community. However, Council (and the community) should recognize the fact that it is very important for the municipality to be financially viable first, before it will really be in a position to



assist the community that is very much in need. A financial recovery plan has been put in place to avoid service delivery comes to a standstill.

The Integrated Development Plan (IDP) is a 5-year strategic developmental plan, setting strategic and budget priorities as required in terms of the Municipal Systems Act of 2000. It is a plan to help us set our budget priorities, so in essence it indicates how Ubuntu Municipality will spend its money for the next five years. The IDP is alignment with National Key Performance objectives and the MTREF. Therefore, the IDP enables Ubuntu Municipality to make the best use of scarce resources and it also enables the councilors to make decisions based on the needs and priorities of their communities.

With the IDP, Ubuntu Municipality can:

- Develop a clear vision
- Identify its key development priorities
- Formulate appropriate strategies
- Develop the appropriate organizational structure and systems
- Align resources with development priorities

In view of the aforementioned, the following table is a consolidated overview of the proposed 2020/21 Medium-term Revenue and Expenditure Framework:



Table 1 Consolidated Operating Overview of the 2020/2021 (R'000)

NC071 Ubuntu - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	5 343	5 043	9 260	9 065	19 943	19 943	--	10 214	10 791	10 791
Service charges	24 734	18 725	25 659	26 991	31 832	31 832	--	31 972	40 081	40 081
Investment revenue	318	402	436	364	364	364	--	386	409	409
Transfers recognised - operational	29 434	35 044	39 795	38 707	38 697	38 697	--	41 866	43 963	46 684
Other own revenue	36 039	37 138	22 646	37 859	41 567	41 567	--	40 129	42 533	42 533
Total Revenue (excluding capital transfers and contributions)	95 867	96 353	97 797	112 986	132 403	132 403	--	124 567	137 776	140 497
Employee costs	28 899	28 698	34 252	43 831	37 474	37 474	--	40 945	43 391	45 970
Remuneration of councillors	2 464	2 603	2 766	2 691	3 002	3 002	--	3 002	3 161	3 328
Depreciation & asset impairment	46 672	24 780	31 509	28 711	31 603	31 603	--	30 433	32 259	32 259
Finance charges	5 867	6 765	7 544	5 802	5 802	5 802	--	6 150	6 519	6 519
Materials and bulk purchases	17 664	18 025	18 437	19 522	19 522	19 522	--	20 694	21 935	21 935
Transfers and grants	--	--	--	1 000	--	--	--	87	93	93
Other expenditure	66 907	50 299	41 530	54 186	47 660	47 660	--	55 266	58 568	58 568
Total Expenditure	168 472	131 171	136 038	155 744	145 063	145 063	--	156 577	165 927	168 691
Surplus/(Deficit)	(72 604)	(34 817)	(38 241)	(42 759)	(12 660)	(12 660)	--	(32 010)	(28 152)	(28 194)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 101	12 829	9 110	14 975	20 175	20 175	--	24 934	19 397	30 735
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	2 142	3 587	1 452	--	--	--	--	--	--	--
Surplus/(Deficit) after capital transfers & contributions	(68 361)	(18 401)	(27 679)	(27 784)	7 515	7 515	--	(7 076)	(8 755)	2 541
Share of surplus/ (deficit) of associate	--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) for the year	(68 361)	(18 401)	(27 679)	(27 784)	7 515	7 515	--	(7 076)	(8 755)	2 541
Capital expenditure & funds sources										
Capital expenditure	4 643	11 405	8 764	14 975	20 375	20 375	--	25 234	19 397	30 701
Transfers recognised - capital	4 643	11 223	8 406	14 975	20 175	20 175	--	24 934	19 397	30 701
Borrowing	--	--	--	0	0	0	--	0	0	0
Internally generated funds	--	182	358	--	200	200	--	300	0	0
Total sources of capital funds	4 643	11 405	8 764	14 975	20 375	20 375	--	25 234	19 397	30 701
Financial position										
Total current assets	15 683	24 641	25 855	18 008	28 792	28 792	--	15 980	16 921	15 139
Total non current assets	652 709	639 600	616 060	15 175	646 378	646 378	--	646 678	698 113	753 986
Total current liabilities	75 034	69 820	81 723	(1 530)	83 412	83 412	--	83 413	89 840	96 780
Total non current liabilities	8 846	26 477	19 928	8 846	18 047	18 047	--	12 432	12 432	12 432
Community wealth/Equity	584 512	567 944	540 264	25 867	573 711	573 711	--	566 813	612 762	659 912
Cash flows										
Net cash from (used) operating	3 035	13 927	5 914	15 536	22 705	22 705	--	27 986	20 338	28 953
Net cash from (used) investing	(4 643)	(11 223)	(8 412)	(14 975)	(15 175)	(15 175)	--	(24 934)	(19 397)	(30 735)
Net cash from (used) financing	1 569	(58)	(816)	--	(7 300)	(7 300)	--	--	--	--
Cash/cash equivalents at the year end	2 529	5 174	1 860	3 129	2 090	2 090	--	5 142	6 083	4 301
Cash backing/surplus reconciliation										
Cash and investments available	2 529	5 174	1 860	18 008	2 090	2 090	--	5 142	6 083	4 301
Application of cash and investments	63 840	57 828	69 188	(1 530)	67 102	67 102	--	74 050	81 123	88 064
Balance - surplus (shortfall)	(61 312)	(52 654)	(67 328)	19 538	(65 012)	(65 012)	--	(68 909)	(75 040)	(83 763)
Asset management										
Asset register summary (WDV)	652 709	639 600	616 060	15 175	646 378	646 378	646 378	646 678	698 113	753 986
Depreciation	46 672	24 780	31 509	28 711	31 603	31 603	31 603	30 433	32 259	32 259
Renewal and Upgrading of Existing Assets	--	203	3 137	14 975	9 970	9 970	9 970	9 934	10 397	10 701
Repairs and Maintenance	--	--	--	--	--	--	--	--	--	--
Free services										
Cost of Free Basic Services provided	9	2 689	3 199	725	1 027	1 027	1 140	1 140	1 208	1 208
Revenue cost of free services provided	1 516	766	961	921	1 455	1 455	606	606	642	642
Households below minimum service level										
Water:	--	--	--	--	--	--	--	--	--	--
Sanitation/sewerage:	--	--	--	--	--	--	1	1	1	1
Energy:	--	--	--	--	--	--	--	--	--	--
Refuse:	--	--	--	--	--	--	--	--	--	--

Table 2 Consolidated Capital Overview of the 2020/2021 (R'000)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	0	0	0
Vote 2 - Financial Services Directorate		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate & Community Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure & Planning		-	-	-	14 975	20 175	20 175	-	24 934	19 397	30 701
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	14 975	20 175	20 175	-	24 934	19 397	30 701
Single-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager		-	-	-	0	0	0	-	0	0	0
Vote 2 - Financial Services Directorate		4 643	-	-	0	0	0	-	0	0	0
Vote 3 - Corporate & Community Services		-	182	720	-	-	-	-	-	-	-
Vote 4 - Infrastructure & Planning		-	11 223	8 043	0	200	200	-	300	0	0
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	0	0	0	-	0	0	0
Vote 6 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		4 643	11 405	8 764	0	200	200	-	300	0	0
Total Capital Expenditure - Vote		4 643	11 405	8 764	14 975	20 375	20 375	-	25 234	19 397	30 701
Capital Expenditure - Functional											
Governance and administration		4 643	-	-	0	0	0	-	0	0	0
Executive and council		-	-	-	0	0	0	-	0	0	0
Finance and administration		4 643	-	-	0	0	0	-	0	0	0
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	182	720	-	-	-	-	-	-	-
Community and social services		-	182	720	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	11 202	-	0	0	0	-	0	0	0
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	11 202	-	0	0	0	-	0	0	0
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	21	8 043	14 975	20 175	20 175	-	24 934	19 397	30 701
Energy services		-	-	5 621	5 005	5 005	5 005	-	7 500	9 000	10 000
Water management		-	10	2 423	9 970	15 170	15 170	-	17 434	10 397	20 701
Waste water management		-	11	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	200	200	-	300	0	0
Total Capital Expenditure - Functional	3	4 643	11 405	8 764	14 975	20 375	20 375	-	25 234	19 397	30 701
Funded by:											
National Government		-	11 223	8 043	14 975	20 175	20 175	-	24 934	19 397	30 701
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		4 643	-	363	-	-	-	-	-	-	-
Transfers recognised - capital	4	4 643	11 223	8 406	14 975	20 175	20 175	-	24 934	19 397	30 701
Borrowing	6	-	-	-	0	0	0	-	0	0	0
Internally generated funds		-	182	358	-	200	200	-	300	0	0
Total Capital Funding	7	4 643	11 405	8 764	14 975	20 375	20 375	-	25 234	19 397	30 701

1.2 Council Resolutions

The budget was approved via email council meeting and 6 out of 7 councillors approved the budget. Resolution number is 202003312/01.

1.3 Executive Summary

For Ubuntu Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue to fund the expenditure program of the municipality. In these tough economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues.

For the previous three years [2016/2017, 2017/2018 and 2018/2019] received a qualified audit opinion with regards to annual financial statement, there were also issues raised with regards to compliance of legislation and only during 2018/2019 financial year the performance management system was submitted for audit. However it was disclaimed. A lot of work is needed to strengthen the internal control to ensure an unqualified audit opinion, compliance with legislation and performance management system that is in line with the relative legislation.

There were no major changes to the IDP. The IDP is in alignment with the national KPA's and the MTREF.

The municipality is introducing a few new budget related policies. It is available on the website for public comments.

All tariffs will increase with 6% except for electricity which will increase with 6.22% as prescribed by NERSA. There is a severe cash shortage on the budget; see table A8. This is due to growing debt book. The credit control and debt collection policy/ by law need to be implemented more effectively to save the municipality from severe service delivery and contractual nonperformance. It is quite concerning that some government departments and business does not pay their rates and taxes. This is not allowable and needs to be dealt with. The cost containment measures also need to be implemented to cut the expenditure to ensure that there is enough cash to reduce the growing creditors book.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2020/2021 Draft Budget:



Table 3 Consolidated Overview of the 2020/21 Draft Budget ('0000)

NC071 Ubuntu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	5 343	5 043	9 260	9 065	19 943	19 943	--	10 214	10 791	10 791
Service charges - electricity revenue	2	11 531	11 888	13 320	13 919	11 589	11 589	--	18 115	25 393	25 393
Service charges - water revenue	2	5 781	2 588	9 517	4 750	10 922	10 922	--	5 035	5 337	5 337
Service charges - sanitation revenue	2	3 584	2 590	1 462	4 521	4 521	4 521	--	4 793	5 080	5 080
Service charges - refuse revenue	2	3 848	3 679	1 361	3 801	4 800	4 800	--	4 029	4 271	4 271
Rental of facilities and equipment		--	--	111	204	1 700	1 700	--	216	229	229
Interest earned - external investments		--	--	427	364	364	364	--	366	409	409
Interest earned - outstanding debtors		--	--	9 053	3 170	5 182	5 182	--	3 361	3 562	3 562
Dividends received		--	--	9	0	0	0	--	0	0	0
Fines, penalties and forfeits		--	--	11 533	33 402	33 402	33 402	--	35 406	37 531	37 531
Licences and permits		--	--	--	--	--	--	--	--	--	--
Agency services		--	--	532	350	550	550	--	371	393	393
Transfers and subsidies		--	--	39 200	--	--	--	--	41 866	43 963	46 684
Other revenue	2	2 516	4 431	426	732	732	732	--	776	818	818
Gains		--	--	--	--	--	--	--	(0)	(0)	(0)
Total Revenue (excluding capital transfers and contributions)		32 602	30 219	96 211	74 279	93 706	93 706	--	124 567	137 776	140 497
Expenditure By Type											
Employee related costs	2	29 098	28 891	33 923	43 831	37 474	37 474	--	40 945	43 391	45 970
Remuneration of councillors		--	--	2 766	2 691	3 002	3 002	--	3 002	3 161	3 328
Debt impairment	3	--	--	19 925	35 097	32 097	32 097	--	37 203	39 435	39 435
Depreciation & asset impairment	2	46 672	24 780	30 751	28 711	31 603	31 603	--	30 433	32 259	32 259
Finance charges		--	--	6 732	5 802	5 802	5 802	--	6 150	6 519	6 519
Bulk purchases	2	17 544	25 100	18 251	19 491	19 491	19 491	--	20 661	21 900	21 900
Other materials	8	--	--	186	31	31	31	--	33	35	35
Contracted services		5 878	4 251	5 929	6 970	6 970	6 970	--	6 232	6 726	6 726
Transfers and subsidies		--	--	--	1 000	--	--	--	87	93	93
Other expenditure	4, 5	11 496	10 959	16 225	--	--	--	--	11 831	12 407	12 425
Losses		--	--	--	--	--	--	--	(0)	(0)	(0)
Total Expenditure		110 687	93 981	134 688	143 624	136 470	136 470	--	156 577	165 927	168 691
Surplus/(Deficit)		(78 085)	(63 763)	(38 476)	(69 346)	(42 764)	(42 764)	--	(32 010)	(28 152)	(28 194)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		--	--	8 847	14 975	20 175	20 175	--	24 934	19 397	30 735
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	--	--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (in-kind - all)		--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) after capital transfers & contributions		(78 085)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541
Taxation		--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) after taxation		(78 085)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541
Attributable to minorities		--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) attributable to municipality		(78 085)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541
Share of surplus/ (deficit) of associate		--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) for the year	7	(78 085)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541

As can be seen from the above, the growth in own revenue is not keeping up with the growth in operating expenditure over the MTREF. This will result in the scenario where insufficient revenue is generated to cover all operating expenditure.

Ubuntu Local Municipality recognize the fact that there are significant non-cash items included in operating expenditure (such as depreciation and debt impairment), and ultimately the municipality should review the impact that the proposed budget will have on the cash position of the municipality before reaching any conclusions with regards to the affordability of the planned expenditure program.

As a rule of thumb, all trading services (water, electricity, refuse and sanitation) should be cost reflective, meaning that sufficient revenue is raised to cover all the costs associated with the provision of the service. Service delivery is currently under severe pressure at the municipality.

Currently with the draft cost of supply information at disposal the municipality is running material losses on all key services. This can be mainly attributed to water and electricity theft, meters not working and dilapidated bulk infrastructure. The IDP addresses some of these issues.

Electricity is historically the largest "profit making" service and for many years assisted municipalities to ensure that budgets are funded. However, with significant increases in the cost of bulk electricity (provided by Eskom) and the inability of the municipality to pass these cost increases down to the Ubuntu Municipality consumer, the municipality is not able to generate a gross profit in delivering electricity to the consumers. With a proposed tariff increase in the service charges and the bulk purchase price of 6.22% CPI (proposed by NERSA).

With the cost of bulk purchases largely beyond the control of the municipality, and the constraints with regards to excessive consumer tariff increases over and above already provided in the budget, the municipality should investigate the service to reduce the deficit. One option is to investigate illegal connections to reduce distribution losses to a minimum. Internal consumption should also be limited.

Other than the trading services, the municipality should also ensure that departments with the ability to generate its own revenue are delivering a cash surplus to fund other operations.

Auditor-General

Ubuntu Municipality has attained two (3) qualified audit reports, one (1) disclaimer report and two (1) unqualified (with matters) in the last five years. Whilst having a qualified audit opinion rather than an unqualified, audit has subsequently no effect on the financial stability or performance of this Council, however does have a considerably negative effect upon the sentiment of investors, banking and all relevant stakeholders in all their aspects locally and internationally. It is therefore remarkable that locally there remains a very few individuals ignorant and talkative who appear to want nothing more than to criticize Ubuntu's very considerable achievements for reasons that are nothing more than politically motivated.

Ubuntu Municipality has their sights on "clean" governance and we will attempt to reach the level requested by Provincial government by 2022.

Legislative compliance, good governance and clean audits require competent and qualified staff at all levels throughout Council directorates.

mSCOA

The Municipal Regulations on a Standard Chart of Accounts (mSCOA) is applicable to all municipalities and municipal entities with effect from 01 July 2017. Ubuntu Municipality is expected to be fully compliant with mSCOA effective 1 July 2020. The mSCOA project of National Treasury and the resources required, human and financial, to undertake it successfully is imposing strains upon the administration. MSCOAs is not a simple financial system change, it is a change in the manner in which Council undertakes and reports on its business activities.

Tariff Implications of the Annual Budget

It is recommended that because of the continuing stresses being placed on the commercial and industrial sections of the economy that no differentiation in rate and tariff increases is made between domestic and non-domestic sectors in this budget until there is a noticeable and positive shift in economic trading conditions.

Electricity Tariff

- ✓ The municipality has embarked on a Cost of Supply Study with regards to electricity tariffs. Ubuntu LM will engage National Energy Regulator of South Africa to increase the tariffs smoothly over the MTREF in order to have a cost reflective tariffs in future. Currently the electricity department is being run at a lost and one of the consequences is that we are unable to pay for bulk purchases from Eskom. This debt is increasing annually and this council cannot create a burden for the next generation. The council is also considering other methods like renewable energy. Kindly see the SSEG by law attached.

ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

It is clear from the below table that the IDP is in alignment with the SDBIP, National KPA'S and MTREF.

Row Labels	Sum of 2020/2021
KPA 1: Basic Service Delivery and Infrastructure Delivery	89 889 402.00
KPA 2: Local Economic Development	200 000.00
KPA 3: Municipal Financial Management & Viability	1 767 944 496.00
KPA 4: Municipal Transformation & Institutional Development	1 080 745.00
Grand Total	1 859 114 643.00

The process was influenced by:

- ❖ Project progress information as provided by Heads of Departments.
- ❖ An extensive data search to update the analysis chapter.
- ❖ Inputs from community-based planning initiatives.

The alignment of the IDP with the budget is illustrated in the A Schedule tables SA4, SA5 and SA6 and the strategic objectives link with the capital projects.

LEGISLATION COMPLIANCE STATUS

The Municipal Finance Management Act brought about uniformity, accountability and control measures to local government in terms of financial reporting and budgeting. The Act required a high level of transformation financial disciplines and planning.

New budget regulations were published in Gazette nr. 32141 on 17 April 2009. The object of these regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process. The 2020/2021 budgets for all municipalities need to comply with these regulations.

OVERVIEW OF BUDGET ASSUMPTIONS

INTRODUCTION

Ubuntu Local Municipality is the same as virtually every other local municipality outside the major metropolitan areas. What this means is that the middle to upper income groupings are billed for the vast majority of Council services.

BUDGET ASSUMPTIONS

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget.

Based on the budgeted related policies that was amended and data integrity project conducted by NCPT, the estimated collection rates are as follows.

TRAFFIC FINES	15%
WATER	60%
ELECTRICITY	90%
REFUSE	60%
SEWERAGE	60%
PROPERTY RATES	60%

FINANCIAL VIABILITY

Financial viability and sustainability are one of the major cornerstones that needs to remain intact to ensure that municipalities follow through on their constitutional obligation to deliver high quality basic services to the citizens of South Africa.

From the perspective of a municipality, the focus point of any sustainability and viability analysis revolves firmly around the municipality's ability to implement policies that contributes to the preservation of cash resources over the long term. It is critical therefore that all consumers and residences pay for the services and rates within 30 days.



FINANCIAL PERFORMANCE INDICATORS

NC071 Ubuntu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and Investments available											
Cash/cash equivalents at the year end	1	2 529	5 174	1 860	3 129	2 090	2 090	-	5 142	6 083	4 301
Other current investments > 90 days		0	0	0	14 879	0	0	-	0	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and Investments available:		2 529	5 174	1 860	18 008	2 090	2 090	-	5 142	6 083	4 301
Application of cash and Investments											
Unspent conditional transfers		9 040	4 112	3 002	(1 530)	(1 530)	(1 530)	-	(1 230)	(1 230)	(1 230)
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	54 801	53 716	66 186	0	68 632	68 632	-	75 280	82 353	89 294
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and Investments:		63 840	57 828	69 188	(1 530)	67 102	67 102	-	74 050	81 123	88 064
Surplus(shortfall)		(61 312)	(52 654)	(67 328)	19 538	(65 012)	(65 012)	-	(68 909)	(75 040)	(83 763)

It is clear here that the municipality has severe cash problems. It is therefore critical that all services must be paid to ensure the sustainability of the municipality and the services. Cost containment also need to be implemented. The inefficiencies in the departments also needs to be addressed.

NC071 Ubuntu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	0,0%	0,0%	5,0%	4,0%	4,3%	4,3%	0,0%	3,9%	3,9%	3,9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing / Own Revenue	0,0%	0,0%	11,8%	7,8%	6,2%	6,2%	0,0%	7,4%	6,9%	6,9%
Borrowed funding of own capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity											
Current Ratio	Current assets/current liabilities	--	--	31,1	1 241 942,7	70,0	70,0	--	0,2	0,1	0,1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	--	--	31,1	1 241 942,7	70,0	70,0	--	0,2	0,1	0,1
Liquidity Ratio	Monetary Assets/Current Liabilities	--	--	2,6	1 241 922,8	8,2	8,2	--	0,0	0,0	(0,0)
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0,0%	0,0%	0,0%	71,9%	74,3%	74,3%	0,0%	92,6%	77,7%	77,7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0,0%	0,0%	0,0%	71,9%	74,3%	74,3%	0,0%	92,6%	77,7%	77,7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0,0%	0,0%	258,0%	0,0%	201,6%	201,6%	0,0%	8,7%	7,9%	7,7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	3505,4%	3563,1%	-50588,6%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (MWh)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (M)										
	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	89,3%	95,6%	35,3%	59,0%	40,0%	40,0%	0,0%	32,9%	31,5%	32,7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0,0%	0,0%	38,1%	62,6%	43,2%	43,2%		35,3%	33,8%	35,1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	143,2%	82,0%	39,0%	46,5%	39,9%	39,9%	0,0%	29,4%	28,1%	27,6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	--	--	25,2	18,6	18,6	18,6	--	32,5	36,8	36,8
ii. Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0,0%	0,0%	706,1%	0,0%	353,3%	353,3%	0,0%	25,6%	21,2%	21,2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	--	--	(10,7)	(4,1)	0,9	0,9	--	0,2	0,2	(0,0)

References

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

Calculation data

Debtors > 90 days

Monthly fixed operational expenditure

Fixed operational expenditure % assumption

Own capex

Borrowing

4 760	5 219	7 841	9 575	8 737	8 737	--	9 919	10 517	10 746
40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%
--	--	--	0	200	200	--	0	0	0

NC071 Ubuntu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	--	--	(84 012)	(39 466)	7 797	7 797	--	2 292	2 435	(185)
Cash + investments at the yr end less applications - R'000	18(1)b	2	--	--	22 316	216 096	119 147	119 147	--	(71 758)	(78 687)	(88 248)
Cash year end/monthly employees/supplier payments	18(1)b	3	--	--	(10,7)	(4,1)	0,9	0,9	--	0,2	0,2	(0,0)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(78 065)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(20,3%)	29,4%	(2,7%)	37,6%	(6,0%)	(105,0%)	(24,5%)	14,6%	(6,0%)
Cash receipts % of Ratespayer & Other revenue	18(1)a,(2)	6	0,0%	0,0%	0,0%	46,3%	49,8%	49,8%	0,0%	58,0%	52,0%	52,0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0,0%	0,0%	57,1%	97,3%	62,0%	62,0%	0,0%	88,2%	77,5%	77,5%
Capital payments % of capital expenditure	18(1);(v)	8	0,0%	0,0%	0,0%	0,0%	73,5%	73,5%	0,0%	100,0%	100,0%	100,1%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	--	--	--	--	--	--	--	0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0,0%	0,0%	(100,0%)	6032398,9%	0,0%	(100,0%)	(94,3%)	0,0%	0,0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	(100,0%)	0,0%	0,0%	(100,0%)	(100,0%)	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(v)	13	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Asset renewal % of capital budget	20(1)(v)	14	0,0%	0,0%	0,0%	100,0%	48,9%	48,9%	0,0%	39,8%	53,6%	34,9%

References

- Positive cash balances indicative of minimum compliance - subject to 2
- Deduct cash and investment applications (defined) from cash balances
- Indicative of sufficient liquidity to meet average monthly operating payments
- Indicative of funded operational requirements
- Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
- Realistic average cash collection forecasts as % of annual billed revenue
- Realistic average increase in debt impairment (doubtful debt) provision
- Indicative of planned capital expenditure level & cash payment timing
- Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
- Substantiation of National/Province allocations included in budget
- Indicative of realistic current arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
- Indicative of realistic long term arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
- Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
- Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

Supporting indicators	MFMA section	2016/17	2017/18	2018/19	2019/20	2019/20	2019/20	2019/20	2020/21	2021/22	2022/23	
% incr total service charges (incl prop rates)	18(1)a		(14,3%)	35,4%	3,3%	43,6%	0,0%	(100,0%)	(18,5%)	20,6%	0,0%	
% incr Property Tax	18(1)a		(5,6%)	83,6%	(2,1%)	120,0%	0,0%	(100,0%)	(48,8%)	5,6%	0,0%	
% incr Service charges - electricity revenue	18(1)a		3,1%	12,0%	4,5%	(16,7%)	0,0%	(100,0%)	56,3%	40,2%	0,0%	
% incr Service charges - water revenue	18(1)a		(55,2%)	267,0%	(50,1%)	129,9%	0,0%	(100,0%)	(53,9%)	6,0%	0,0%	
% incr Service charges - sanitation revenue	18(1)a		(27,7%)	(43,6%)	209,4%	(0,0%)	0,0%	(100,0%)	6,0%	6,0%	0,0%	
% incr Service charges - refuse revenue	18(1)a		(4,4%)	(63,0%)	179,4%	26,3%	0,0%	(100,0%)	(16,1%)	6,0%	0,0%	
% incr in	18(1)a		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
Total billable revenue	18(1)a	30 086	25 788	34 920	36 056	51 776	51 776	--	42 186	50 871	50 871	
Service charges		30 086	25 788	34 920	36 056	51 776	51 776	--	42 186	50 871	50 871	
Property rates		5 343	5 043	9 260	9 065	19 943	19 943	--	10 214	10 791	10 791	
Service charges - electricity revenue		11 531	11 888	13 320	13 919	11 589	11 589	--	18 115	25 393	25 393	
Service charges - water revenue		5 781	2 588	9 517	4 750	10 922	10 922	--	5 035	5 337	5 337	
Service charges - sanitation revenue		3 584	2 590	1 462	4 521	4 521	4 521	--	4 793	5 080	5 080	
Service charges - refuse removal		3 848	3 679	1 361	3 801	4 800	4 800	--	4 029	4 271	4 271	
Service charges - other		--	--	--	--	--	--	--	--	--	--	
Rental of facilities and equipment		--	--	111	204	1 700	1 700	--	216	229	229	
Capital expenditure excluding capital grant funding		--	--	--	0	200	200	--	0	0	0	
Cash receipts from ratespayers	18(1)a	--	--	--	34 230	46 472	46 472	--	47 735	48 599	48 599	
Ratespayer & Other revenue	18(1)a	32 602	30 219	56 575	73 915	93 342	93 342	--	82 316	93 404	93 404	
Change in consumer debtors (current and non-current)		124 094	--	248 189	(248 186)	(59 251)	(59 251)	(248 189)	10 834	--	--	
Operating and Capital Grant Revenue	18(1)a	--	--	48 048	14 975	20 175	20 175	--	66 800	63 360	77 419	
Capital expenditure - total	20(1)(v)	--	--	--	14 975	20 375	20 375	--	24 934	19 397	30 701	
Capital expenditure - renewal	20(1)(v)	--	--	--	14 975	9 970	9 970	--	9 934	10 397	10 701	
Supporting benchmarks												
Growth guideline maximum		6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	
CPI guideline		4,3%	3,9%	4,6%	5,0%	5,0%	5,0%	5,0%	5,4%	5,6%	5,4%	
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants												
Average annual collection rate (arrears inclusive)												

Trend	124 094	-	248 189	(248 189)	10 834	-	-	-	-	-
Change in consumer debtors (current and non-current)										
Total Operating Revenue	32 602	30 219	96 211	74 279	93 706	93 706	-	124 567	137 776	140 497
Total Operating Expenditure	110 687	93 981	134 688	143 624	136 470	136 470	-	156 577	165 927	168 691
Operating Performance Surplus/(Deficit)	(78 085)	(63 763)	(38 476)	(69 346)	(42 764)	(42 764)	-	(32 010)	(28 152)	(28 194)
Cash and Cash Equivalents (30 June 2012)								2 292		
Revenue										
% Increase in Total Operating Revenue		(7,3%)	218,4%	(22,8%)	26,2%	0,0%	(100,0%)	32,9%	10,6%	2,0%
% Increase in Property Rates Revenue		(5,6%)	83,6%	(2,1%)	120,0%	0,0%	(100,0%)	(48,6%)	5,6%	0,0%
% Increase in Electricity Revenue		3,1%	12,0%	4,5%	(16,7%)	0,0%	(100,0%)	56,3%	40,2%	0,0%
% Increase in Property Rates & Services Charges		(14,3%)	35,4%	3,3%	43,6%	0,0%	(100,0%)	(18,5%)	20,6%	0,0%
Expenditure										
% Increase in Total Operating Expenditure		(15,1%)	43,3%	6,6%	(5,0%)	0,0%	(100,0%)	14,7%	6,0%	1,7%
% Increase in Employee Costs		(0,7%)	17,4%	29,2%	(14,5%)	0,0%	(100,0%)	9,3%	6,0%	5,9%
% Increase in Electricity Bulk Purchases		43,1%	(31,6%)	5,1%	0,0%	0,0%	(100,0%)	6,0%	6,0%	0,0%
Average Cost Per Budgeted Employee Position (Remuneration)			0	0	0	0		0	0	0
Average Cost Per Councillor (Remuneration)			0	0	0	0		0	0	0
R&M % of PPE	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%
Asset Renewal and R&M as a % of PPE	0,0%	0,0%	0,0%	99,0%	2,0%	2,0%		2,0%	1,0%	1,0%
Debt Impairment % of Total Billable Revenue	0,0%	0,0%	57,1%	97,3%	62,0%	62,0%	0,0%	88,2%	77,5%	77,5%
Capital Revenue										
Internally Funded & Other (R000)	-	-	-	-	200	200	-	-	-	-
Borrowing (R000)	-	-	-	0	0	0	-	0	0	0
Grant Funding and Other (R000)	-	-	-	14 975	20 175	20 175	-	24 934	19 397	30 701
Internally Generated funds % of Non Grant Funding	0,0%	0,0%	0,0%	0,0%	100,0%	100,0%	0,0%	0,0%	0,0%	0,0%
Borrowing % of Non Grant Funding	0,0%	0,0%	0,0%	100,0%	0,0%	0,0%	0,0%	100,0%	100,0%	100,0%
Grant Funding % of Total Funding	0,0%	0,0%	0,0%	100,0%	99,0%	99,0%	0,0%	100,0%	100,0%	100,0%
Capital Expenditure										
Total Capital Programme (R000)	-	-	-	14 975	20 375	20 375	-	24 934	19 397	30 701
Asset Renewal	-	-	-	14 975	9 970	9 970	9 970	9 934	10 397	10 701
Asset Renewal % of Total Capital Expenditure	0,0%	0,0%	0,0%	100,0%	48,9%	48,9%	0,0%	39,8%	53,6%	34,9%
Cash										
Cash Receipts % of Rab Payer & Other	0,0%	0,0%	0,0%	46,3%	49,8%	49,8%	0,0%	58,0%	52,0%	52,0%
Cash Coverage Ratio	-	-	(0)	(0)	0	0	-	0	0	(0)
Borrowing										
Credit Rating (2009/10)										
Capital Charges to Operating	0,0%	0,0%	5,0%	4,0%	4,3%	4,3%	0,0%	3,9%	3,9%	3,9%
Borrowing Receipts % of Capital Expenditure	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Reserves										
Surplus/(Deficit)	-	-	22 316	216 096	119 147	119 147	-	(71 758)	(78 687)	(88 248)
Free Services										
Free Basic Services as a % of Equitable Share	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%
Free Services as a % of Operating Revenue (excl operational transfers)	0,0%	0,0%	1,7%	1,2%	1,6%	1,6%		0,7%	0,7%	0,7%
High Level Outcome of Funding Compliance										
Total Operating Revenue	32 602	30 219	96 211	74 279	93 706	93 706	-	124 567	137 776	140 497
Total Operating Expenditure	110 687	93 981	134 688	143 624	136 470	136 470	-	156 577	165 927	168 691
Surplus/(Deficit) Budgeted Operating Statement	(78 085)	(63 763)	(38 476)	(69 346)	(42 764)	(42 764)	-	(32 010)	(28 152)	(28 194)
Surplus/(Deficit) Considering Reserves and Cash Backing	-	-	22 316	216 096	119 147	119 147	-	(71 758)	(78 687)	(88 248)
MTREF Funded (1) / Unfunded (0)	15	1	1	1	1	1	1	0	0	0
MTREF Funded ✓ / Unfunded ✗	15	✓	✓	✓	✓	✓	✓	✗	✗	✗

1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) "An annual budget may only be funded from –
 - (a) Realistically anticipated revenue to be collected from the approved sources of Revenue;
 - (b) Cash-backed accumulated funds from previous financial 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 years."

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

Table 3 Summary of revenue classified by main revenue source

NC071 Ubuntu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19			Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Properly rates	2	5 343	5 043	9 260	9 065	19 943	19 943	-	10 214	10 791	10 791
Service charges - electricity revenue	2	11 531	11 888	13 320	13 919	11 589	11 589	-	18 115	25 393	25 393
Service charges - water revenue	2	5 781	2 588	9 517	4 750	10 922	10 922	-	5 035	5 337	5 337
Service charges - sanitation revenue	2	3 584	2 590	1 462	4 521	4 521	4 521	-	4 793	5 080	5 080
Service charges - refuse revenue	2	3 848	3 679	1 361	3 801	4 800	4 800	-	4 029	4 271	4 271
Rental of facilities and equipment		-	-	111	204	1 700	1 700	-	216	229	229
Interest earned - external investments		-	-	427	364	364	364	-	386	409	409
Interest earned - outstanding debtors		-	-	9 053	3 170	5 182	5 182	-	3 361	3 562	3 562
Dividends received		-	-	9	0	0	0	-	0	0	0
Fines, penalties and forbits		-	-	11 533	33 402	33 402	33 402	-	35 406	37 531	37 531
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	532	350	550	550	-	371	393	393
Transfers and subsidies		-	-	39 200	-	-	-	-	41 866	43 963	46 684
Other revenue	2	2 516	4 431	426	732	732	732	-	776	818	818
Gains		-	-	-	-	-	-	-	(0)	(0)	(0)
Total Revenue (excluding capital transfers and contributions)		32 602	30 219	96 211	74 279	93 706	93 706	-	124 567	137 776	140 497

The revenue budget is R149, 501 million of which R24, 501 is for capital projects. Emphasis is needs to be placed on core business revenue to ensure the sustainability of the municipality.

Table 4 Summary of revenue classified by municipal vote

NC071 Ubuntu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		--	--	1 000	--	--	--	--	--	--
Vote 2 - Financial Services Directorate		--	--	62 064	50 735	64 332	64 332	54 559	58 510	61 191
Vote 3 - Corporate & Community Services		--	--	13 659	35 613	35 813	35 813	37 806	38 942	38 982
Vote 4 - Infrastructure & Planning		--	--	28 336	42 184	53 690	53 690	57 136	59 721	71 059
Vote 5 - COMMUNITY & SOCIAL SERVICES		--	--	--	--	--	--	--	--	--
Vote 6 - Executive and Council		--	--	--	--	--	--	--	--	--
Vote 7 - [NAME OF VOTE 7]		--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--
Total Revenue by Vote	2	--	--	105 058	128 532	153 835	153 835	149 501	157 173	171 232
Expenditure by Vote to be appropriated	1									
Vote 1 - Office of the Municipal Manager		--	--	5 882	4 328	3 573	3 573	3 060	3 233	3 364
Vote 2 - Financial Services Directorate		--	--	40 181	51 141	34 835	34 835	52 989	56 287	56 858
Vote 3 - Corporate & Community Services		--	--	43 482	16 498	18 193	18 193	16 847	17 853	18 666
Vote 4 - Infrastructure & Planning		--	--	45 142	79 543	85 338	85 338	80 369	85 064	86 145
Vote 5 - COMMUNITY & SOCIAL SERVICES		--	--	--	--	--	--	--	--	--
Vote 6 - Executive and Council		--	--	--	4 233	3 124	3 124	3 312	3 489	3 657
Vote 7 - [NAME OF VOTE 7]		--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--
Total Expenditure by Vote	2	--	--	134 688	155 744	145 063	145 063	156 578	165 927	168 691
Surplus/(Deficit) for the year	2	--	--	(29 629)	(27 212)	8 771	8 771	(7 076)	(8 755)	2 541

1.5 Operating Expenditure Framework

Building on cost containment guidelines approved by Cabinet in 2017, government at all levels will need to identify opportunities to increase efficiency and reduce waste. At a national level, the 2021 budget will pay particular attention to reducing line items that are not critical to service delivery to reinforce cost containment.

Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

The following table is a high-level summary of the 2020/21 draft budget and MTREF (classified per main type of operating expenditure):

Table 2 Summary of operating expenditure by standard classification item

Expenditure By Type											
Employee related costs	2	29 098	28 891	33 923	43 831	37 474	37 474	--	40 945	43 391	45 970
Remuneration of councillors		--	--	2 766	2 691	3 002	3 002	--	3 002	3 161	3 328
Debt impairment	3	--	--	19 925	35 097	32 097	32 097	--	37 203	39 435	39 435
Depreciation & asset impairment	2	46 672	24 780	30 751	28 711	31 603	31 603	--	30 433	32 259	32 259
Finance charges		--	--	6 732	5 802	5 802	5 802	--	6 150	6 519	6 519
Bulk purchases	2	17 544	25 100	18 251	19 491	19 491	19 491	--	20 661	21 900	21 900
Other materials	8	--	--	186	31	31	31	--	33	35	35
Contracted services		5 878	4 251	5 929	6 970	6 970	6 970	--	6 232	6 726	6 726
Transfers and subsidies		--	--	--	1 000	--	--	--	87	93	93
Other expenditure	4,5	11 496	10 959	16 225	--	--	--	--	11 831	12 407	12 425
Losses		--	--	--	--	--	--	--	(0)	(0)	(0)
Total Expenditure		110 687	93 981	134 688	143 624	136 470	136 470	--	156 577	165 927	168 691

The budgeted allocation for employee related costs for the 2020/21 financial year totals R 40, 945 million, which equals 26% of the total operating expenditure. This percentage is set to fluctuate over the two outer years of the MTREF to 27%. Should electricity bulk purchases, depreciation and debt impairment on fines be excluded, in order to compare it with other municipalities on a more equal basis the situation is as follows:

This ratio is showing an upward trend, but is still within the benchmark of 50%. The municipality should however monitor this line item to ensure that the salary bill remains affordable.

The increase in Employee Related Costs takes into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2018 to 30 June 2011. The salary increase in the 2 outer years is calculated at 6%.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of **35.9** per cent in 2018/19 and the Debt Write-off Policy of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption.

Bulk purchases are largely informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. An increase is factored into Electricity Bulk Purchases over the MTREF in line with the NERSA guideline.

Although the municipality is not in control of the increase in the cost of bulk purchases, the municipality could still implement measures to reduce distribution losses as well as internal consumption.

National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure.

Contracted services consist mainly out of traffic law enforcement costs and consultancy fees.

Other expenditure comprises of various line items relating to the daily operations of the municipality (including operating grant expenditure). These items should be reviewed by the municipality to ensure that all non-priority expenditure is eliminated.

1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritized as a spending objective in the budget of municipalities.

For the 2020/21 budgets and MTREF's, Ubuntu budgeted 6% towards repairs and maintenance in that department to curb excessive electricity losses and ensure a sustainable grid to deliver proper services. Electricity theft will also be dealt with through another project and perpetrators must be brought to book in accordance with the legislation.

- 1) Capital Budget should be allocated to the renewal of existing assets.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)

Table 3 Repairs and maintenance per asset class

EXPENDITURE OTHER ITEMS										
Depreciation	7	-	-	31 498	28 565	31 458	31 458	30 279	32 096	32 096
Repairs and Maintenance by Asset Class	3	-	-	31 498	28 565	31 458	31 458	30 279	32 096	32 096
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		-	-	31 498	28 565	31 458	31 458	30 279	32 096	32 096

1.5.2 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’s Indigent Policy. Households earning less than R4 000.00 per month qualify for indigent subsidy.

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilizing the municipality’s unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote: Table 4 2020/21 Medium-term capital budget per vote.

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager		--	--	--	--	--	--	--	--	--	--
Vote 2 - Financial Services Directorate		--	--	--	0	0	0	--	0	0	0
Vote 3 - Corporals & Community Services		--	--	--	--	--	--	--	--	--	--
Vote 4 - Infrastructure & Planning		--	--	--	14 975	20 175	20 175	--	24 934	19 397	30 701
Vote 5 - COMMUNITY & SOCIAL SERVICES		--	--	--	--	--	--	--	--	--	--
Vote 6 - Executive and Council		--	--	--	--	--	--	--	--	--	--
Vote 7 - [NAME OF VOTE 7]		--	--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--	--
Capital multi-year expenditure sub-total	7	--	--	--	14 975	20 175	20 175	--	24 934	19 397	30 701
Single-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager		--	--	--	0	0	0	--	0	0	0
Vote 2 - Financial Services Directorate		--	--	--	0	0	0	--	0	0	0
Vote 3 - Corporals & Community Services		--	--	--	--	--	--	--	--	--	--
Vote 4 - Infrastructure & Planning		--	--	--	0	200	200	--	0	0	0
Vote 5 - COMMUNITY & SOCIAL SERVICES		--	--	--	0	0	0	--	0	0	0
Vote 6 - Executive and Council		--	--	--	--	--	--	--	--	--	--
Vote 7 - [NAME OF VOTE 7]		--	--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--	--
Capital single-year expenditure sub-total		--	--	--	0	200	200	--	0	0	0
Total Capital Expenditure - Vote		--	--	--	14 975	20 375	20 375	--	24 934	19 397	30 701

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/21 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.



Table 5 MBRR Table A1 - Budget Summary

NC071 Ubuntu - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21
Financial Performance											
Property rates	5 343	5 043	9 260	9 065	19 943	19 943	--	10 214	10 791	10 791	
Service charges	24 743	20 745	25 659	26 991	31 832	31 832	--	31 972	40 081	40 081	
Investment revenue	--	--	427	364	364	364	--	386	409	409	
Transfers recognised - operational	--	--	39 200	--	--	--	--	41 866	43 963	46 684	
Other own revenue	2 516	4 431	21 664	37 859	41 567	41 567	--	40 129	42 533	42 533	
Total Revenue (excluding capital transfers and contributions)	32 602	30 219	96 211	74 279	93 706	93 706	--	124 567	137 776	140 497	
Employee costs	29 098	28 891	33 923	43 831	37 474	37 474	--	40 945	43 391	45 970	
Remuneration of councillors	--	--	2 766	2 691	3 002	3 002	--	3 002	3 161	3 329	
Depreciation & asset impairment	46 672	24 780	30 751	28 711	31 603	31 603	--	30 433	32 259	32 259	
Finance charges	--	--	6 732	5 802	5 802	5 802	--	6 150	6 519	6 519	
Materials and bulk purchases	17 544	25 100	18 437	19 522	19 522	19 522	--	20 694	21 935	21 935	
Transfers and grants	--	--	--	1 000	--	--	--	87	93	93	
Other expenditure	17 374	15 210	42 078	42 066	39 066	39 066	--	55 266	58 568	58 568	
Total Expenditure	110 687	93 981	134 688	143 624	136 470	136 470	--	156 577	165 927	168 691	
Surplus/(Deficit)	(78 085)	(63 763)	(38 476)	(69 346)	(42 764)	(42 764)	--	(32 010)	(28 152)	(28 194)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	--	--	8 847	14 975	20 175	20 175	--	24 934	19 397	30 735	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (In-kind - all)	--	--	--	--	--	--	--	--	--	--	
Surplus/(Deficit) after capital transfers & contributions	(78 085)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541	
Share of surplus/ (deficit) of associates	--	--	--	--	--	--	--	--	--	--	
Surplus/(Deficit) for the year	(78 085)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541	
Capital expenditure & funds sources											
Capital expenditure	--	--	--	14 975	20 375	20 375	--	24 934	19 397	30 701	
Transfers recognised - capital	--	--	--	14 975	20 175	20 175	--	24 934	19 397	30 701	
Borrowing	--	--	--	0	0	0	--	0	0	0	
Internally generated funds	--	--	--	--	200	200	--	--	--	--	
Total sources of capital funds	--	--	--	14 975	20 375	20 375	--	24 934	19 397	30 701	
Financial position											
Total current assets	--	--	271 015	216 098	215 492	215 492	--	13 130	13 274	10 653	
Total non current assets	--	--	356 488	0	355 978	355 978	--	646 378	698 089	753 936	
Total current liabilities	--	--	8 706	0	3 077	3 077	--	83 412	90 085	97 292	
Total non current liabilities	--	--	--	--	--	--	--	18 047	19 491	21 050	
Community wealth/Equity	--	--	--	--	--	--	--	558 049	601 786	646 247	
Cash flows											
Net cash from (used) operating	--	--	(84 012)	(39 466)	22 772	22 772	--	27 226	19 540	28 115	
Net cash from (used) investing	--	--	--	--	(14 975)	(14 975)	--	(24 934)	(19 397)	(30 735)	
Net cash from (used) financing	--	--	--	--	--	--	--	--	--	--	
Cash/cash equivalents at the year end	--	--	(84 012)	(39 466)	7 797	7 797	--	2 292	2 435	(185)	
Cash backing/surplus reconciliation											
Cash and investments available	--	--	22 316	216 095	25 081	25 081	--	2 292	2 436	(185)	
Application of cash and investments	--	--	--	(1)	(94 066)	(94 066)	--	74 050	81 123	88 064	
Balance - surplus (shortfall)	--	--	22 316	216 096	119 147	119 147	--	(71 758)	(78 687)	(88 248)	
Asset management											
Asset register summary (WDV)	--	--	559 793	15 175	646 378	646 378	646 378	646 378	698 089	753 936	
Depreciation	--	--	31 498	28 565	31 458	31 458	31 458	30 279	32 096	32 096	
Renewal and Upgrading of Existing Assets	--	--	--	14 975	9 970	9 970	9 970	9 934	10 397	10 701	
Repairs and Maintenance	--	--	--	--	--	--	--	--	--	--	
Free services											
Cost of Free Basic Services provided	--	--	3 199	725	1 027	1 027	1 140	1 140	1 208	1 208	
Revenue cost of free services provided	--	--	961	921	1 455	1 455	606	606	642	642	
Households below minimum service level											
Water:	--	--	--	--	--	--	--	--	--	--	
Sanitation/sewerage:	--	--	--	--	--	--	--	--	--	--	
Energy:	--	--	--	--	--	--	--	--	--	--	
Refuse:	--	--	--	--	--	--	--	--	--	--	

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. A financial management reform emphasizes 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 accumulated surplus is positive in 2019/20.
 - b. Capital expenditure is financed from grants.



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

NC071 Ubuntu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional	1									
<i>Governance and administration</i>		--	--	63 239	52 019	67 112	67 112	55 964	58 879	61 560
Executive and council		--	--	1 000	1 001	1 001	1 001	1 059	2	2
Finance and administration		--	--	62 239	51 017	66 111	66 111	54 906	58 878	61 559
Internal audit		--	--	--	--	--	--	--	--	--
<i>Community and public safety</i>		--	--	27	700	700	700	802	842	882
Community and social services		--	--	27	689	689	689	790	829	869
Sport and recreation		--	--	0	11	11	11	12	12	12
Public safety		--	--	--	--	--	--	--	--	--
Housing		--	--	--	--	--	--	--	--	--
Health		--	--	--	--	--	--	--	--	--
<i>Economic and environmental services</i>		--	--	12 096	33 854	34 054	34 054	35 885	38 033	38 033
Planning and development		--	--	14	84	84	84	88	89	89
Road transport		--	--	12 082	33 771	33 971	33 971	35 797	37 945	37 945
Environmental protection		--	--	--	--	--	--	--	--	--
<i>Trading services</i>		--	--	29 697	41 959	51 968	51 968	56 850	59 418	70 756
Energy sources		--	--	17 355	19 007	16 663	16 663	25 655	34 434	35 434
Water management		--	--	9 519	14 629	20 783	20 783	14 872	15 632	15 970
Waste water management		--	--	1 462	4 521	9 721	9 721	12 293	5 080	15 080
Waste management		--	--	1 361	3 802	4 801	4 801	4 030	4 272	4 272
Other	4	--	--	--	--	--	--	--	--	--
Total Revenue - Functional	2	--	--	105 058	128 532	153 835	153 835	149 501	157 173	171 232
Expenditure - Functional										
<i>Governance and administration</i>		--	--	52 577	67 044	47 503	47 503	64 948	68 923	70 008
Executive and council		--	--	5 742	6 424	5 576	5 576	5 497	5 794	6 093
Finance and administration		--	--	46 835	60 620	41 927	41 927	59 452	63 129	63 915
Internal audit		--	--	--	--	--	--	--	--	--
<i>Community and public safety</i>		--	--	1 132	1 828	5 924	5 924	4 052	4 295	4 555
Community and social services		--	--	1 064	1 817	1 866	1 866	2 014	2 133	2 261
Sport and recreation		--	--	67	0	4 049	4 049	2 026	2 149	2 280
Public safety		--	--	--	12	8	8	12	13	13
Housing		--	--	--	--	--	--	--	--	--
Health		--	--	--	--	--	--	--	--	--
<i>Economic and environmental services</i>		--	--	30 354	21 383	19 286	19 286	20 826	21 954	22 563
Planning and development		--	--	24 647	12 239	12 872	12 872	12 231	12 838	12 965
Road transport		--	--	5 707	9 144	6 414	6 414	8 595	9 116	9 598
Environmental protection		--	--	--	--	--	--	--	--	--
<i>Trading services</i>		--	--	50 625	65 489	72 350	72 350	66 751	70 756	71 565
Energy sources		--	--	36 038	44 939	44 317	44 317	46 037	48 790	48 900
Water management		--	--	3 701	3 260	14 676	14 676	3 390	3 595	3 673
Waste water management		--	--	5 404	8 277	6 432	6 432	7 396	7 842	8 085
Waste management		--	--	5 483	9 013	6 924	6 924	9 928	10 529	10 908
Other	4	--	--	--	--	--	--	--	--	--
Total Expenditure - Functional	3	--	--	134 688	155 744	145 063	145 063	156 578	165 927	168 691
Surplus/(Deficit) for the year		--	--	(29 629)	(27 212)	8 771	8 771	(7 076)	(8 755)	2 541

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. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. Currently the refuse, sanitation and electricity does not and therefore cost reflective tariffs has been proposed.

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

NC071 Ubuntu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		--	--	1 000	--	--	--	--	--	--
Vote 2 - Financial Services Directorate		--	--	62 064	50 735	64 332	64 332	54 559	58 510	61 191
Vote 3 - Corporals & Community Services		--	--	13 659	35 613	35 813	35 813	37 806	38 942	38 982
Vote 4 - Infrastructure & Planning		--	--	28 336	42 184	53 690	53 690	57 136	59 721	71 059
Vote 5 - COMMUNITY & SOCIAL SERVICES		--	--	--	--	--	--	--	--	--
Vote 6 - Executive and Council		--	--	--	--	--	--	--	--	--
Vote 7 - [NAME OF VOTE 7]		--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--
Total Revenue by Vote	2	--	--	105 058	128 532	153 835	153 835	149 501	157 173	171 232
Expenditure by Vote to be appropriated	1									
Vote 1 - Office of the Municipal Manager		--	--	5 882	4 328	3 573	3 573	3 060	3 233	3 364
Vote 2 - Financial Services Directorate		--	--	40 181	51 141	34 835	34 835	52 989	56 287	56 858
Vote 3 - Corporals & Community Services		--	--	43 482	16 498	18 193	18 193	18 847	17 853	18 666
Vote 4 - Infrastructure & Planning		--	--	45 142	79 543	85 338	85 338	80 369	85 064	86 145
Vote 5 - COMMUNITY & SOCIAL SERVICES		--	--	--	--	--	--	--	--	--
Vote 6 - Executive and Council		--	--	--	4 233	3 124	3 124	3 312	3 489	3 657
Vote 7 - [NAME OF VOTE 7]		--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--
Total Expenditure by Vote	2	--	--	134 688	155 744	145 063	145 063	156 578	165 927	168 691
Surplus/(Deficit) for the year	2	--	--	(29 629)	(27 212)	8 771	8 771	(7 076)	(8 755)	2 541

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

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

Table 8 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC071 Ubuntu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17			2017/18			2018/19			Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23						
Revenue By Source																	
Property rates	2	5 343	5 043	9 260	9 065	19 943	19 943	--	10 214	10 791	10 791						
Service charges - electricity revenue	2	11 531	11 888	13 320	13 919	11 589	11 589	--	18 115	25 393	25 393						
Service charges - water revenue	2	5 781	2 588	9 517	4 750	10 922	10 922	--	5 035	5 337	5 337						
Service charges - sanitation revenue	2	3 584	2 590	1 462	4 521	4 521	4 521	--	4 793	5 080	5 080						
Service charges - refuse revenue	2	3 848	3 679	1 361	3 801	4 800	4 800	--	4 029	4 271	4 271						
Rental of facilities and equipment		--	--	111	204	1 700	1 700	--	216	229	229						
Interest earned - external investments		--	--	427	364	364	364	--	386	409	409						
Interest earned - outstanding debtors		--	--	9 053	3 170	5 182	5 182	--	3 361	3 662	3 662						
Dividends received		--	--	9	0	0	0	--	0	0	0						
Fines, penalties and forfeits		--	--	11 533	33 402	33 402	33 402	--	35 406	37 531	37 531						
Licences and permits		--	--	--	--	--	--	--	--	--	--						
Agency services		--	--	532	350	550	550	--	371	393	393						
Transfers and subsidies		--	--	39 200	--	--	--	--	41 866	43 963	46 684						
Other revenue	2	2 516	4 431	426	732	732	732	--	776	818	818						
Gains		--	--	--	--	--	--	--	(0)	(0)	(0)						
Total Revenue (excluding capital transfers and contributions)		32 602	30 219	96 211	74 279	93 706	93 706	--	124 567	137 776	140 497						
Expenditure By Type																	
Employee related costs	2	29 098	28 891	33 923	43 831	37 474	37 474	--	40 945	43 391	45 970						
Remuneration of councillors		--	--	2 766	2 691	3 002	3 002	--	3 002	3 161	3 328						
Debt impairment	3	--	--	19 925	35 097	32 097	32 097	--	37 203	39 435	39 435						
Depreciation & asset impairment	2	46 672	24 780	30 751	28 711	31 603	31 603	--	30 433	32 259	32 259						
Finance charges		--	--	6 732	5 802	5 802	5 802	--	6 150	6 519	6 519						
Bulk purchases	2	17 544	25 100	18 251	19 491	19 491	19 491	--	20 661	21 900	21 900						
Other materials	8	--	--	186	31	31	31	--	33	35	35						
Contracted services		5 878	4 251	5 929	6 970	6 970	6 970	--	6 232	6 726	6 726						
Transfers and subsidies		--	--	1 000	--	--	--	--	87	93	93						
Other expenditure	4,5	11 496	10 959	16 225	--	--	--	--	11 831	12 407	12 425						
Losses		--	--	--	--	--	--	--	(0)	(0)	(0)						
Total Expenditure		110 687	93 981	134 688	143 624	136 470	136 470	--	156 577	165 927	168 691						
Surplus/(Deficit)		(78 085)	(63 763)	(38 476)	(69 346)	(42 764)	(42 764)	--	(32 010)	(28 152)	(28 194)						
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		--	--	8 847	14 975	20 175	20 175	--	24 934	19 397	30 735						
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	--	--	--	--	--	--	--	--	--	--						
Transfers and subsidies - capital (in-kind - all)		--	--	--	--	--	--	--	--	--	--						
Surplus/(Deficit) after capital transfers & contributions		(78 085)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541						
Taxation		--	--	--	--	--	--	--	--	--	--						
Surplus/(Deficit) after taxation		(78 085)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541						
Attributable to minorities		--	--	--	--	--	--	--	--	--	--						
Surplus/(Deficit) attributable to municipality		(78 085)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541						
Share of surplus/ (deficit) of associates	7	--	--	--	--	--	--	--	--	--	--						
Surplus/(Deficit) for the year		(78 085)	(63 763)	(29 629)	(54 371)	(22 589)	(22 589)	--	(7 076)	(8 755)	2 541						

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

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager											
Vote 2 - Financial Services Directorate					0	0	0		0	0	0
Vote 3 - Corporates & Community Services											
Vote 4 - Infrastructure & Planning					14 975	20 175	20 175		24 934	19 397	30 701
Vote 5 - COMMUNITY & SOCIAL SERVICES											
Vote 6 - Executive and Council											
Vote 7 - [NAME OF VOTE 7]											
Vote 8 - [NAME OF VOTE 8]											
Vote 9 - [NAME OF VOTE 9]											
Vote 10 - [NAME OF VOTE 10]											
Vote 11 - [NAME OF VOTE 11]											
Vote 12 - [NAME OF VOTE 12]											
Vote 13 - [NAME OF VOTE 13]											
Vote 14 - [NAME OF VOTE 14]											
Vote 15 - [NAME OF VOTE 15]											
Capital multi-year expenditure sub-total	7				14 975	20 175	20 175		24 934	19 397	30 701
Single-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager					0	0	0		0	0	0
Vote 2 - Financial Services Directorate					0	0	0		0	0	0
Vote 3 - Corporates & Community Services											
Vote 4 - Infrastructure & Planning					0	200	200		0	0	0
Vote 5 - COMMUNITY & SOCIAL SERVICES					0	0	0		0	0	0
Vote 6 - Executive and Council											
Vote 7 - [NAME OF VOTE 7]											
Vote 8 - [NAME OF VOTE 8]											
Vote 9 - [NAME OF VOTE 9]											
Vote 10 - [NAME OF VOTE 10]											
Vote 11 - [NAME OF VOTE 11]											
Vote 12 - [NAME OF VOTE 12]											
Vote 13 - [NAME OF VOTE 13]											
Vote 14 - [NAME OF VOTE 14]											
Vote 15 - [NAME OF VOTE 15]											
Capital single-year expenditure sub-total					0	200	200		0	0	0
Total Capital Expenditure - Vote					14 975	20 375	20 375		24 934	19 397	30 701
Capital Expenditure - Functional											
Governance and administration					0	0	0		0	0	0
Executive and council					0	0	0		0	0	0
Finance and administration					0	0	0		0	0	0
Internal audit									0	0	0
Community and public safety											
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services					0	0	0		0	0	0
Planning and development											
Road transport											
Environmental protection					0	0	0		0	0	0
Trading services					14 975	20 175	20 175		24 934	19 397	30 701
Energy sources					5 005	5 005	5 005		7 500	9 000	10 000
Water management					9 970	15 170	15 170		17 434	10 397	20 701
Waste water management											
Waste management											
Other						200	200				
Total Capital Expenditure - Functional	3				14 975	20 375	20 375		24 934	19 397	30 701
Funded by:											
National Government					14 975	20 175	20 175		24 934	19 397	30 701
Provincial Government											
District Municipality											
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)											
Transfers recognised - capital	4				14 975	20 175	20 175		24 934	19 397	30 701
Borrowing	6				0	0	0		0	0	0
Internally generated funds						200	200				
Total Capital Funding	7				14 975	20 375	20 375		24 934	19 397	30 701

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

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from National grants.

Table 10 MBRR Table A6 - Budgeted Financial Position

NC071 Ubuntu - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash		--	--	3 273	216 095	25 081	25 081	--	2 292	2 435	(185)
Call investment deposits	1	--	--	19 043	--	--	--	--	0	1	1
Consumer debtors	1	--	--	--	--	--	--	--	10 834	10 834	10 834
Other debtors		--	--	247 356	3	188 938	188 938	--	3	3	3
Current portion of long-term receivables		--	--	--	--	--	--	--	--	--	--
Inventory	2	--	--	1 343	0	1 474	1 474	--	0	0	0
Total current assets		--	--	271 015	216 098	215 492	215 492	--	13 130	13 274	10 653
Non current assets											
Long-term receivables		--	--	833	--	(0)	(0)	--	--	--	--
Investments		--	--	--	--	--	--	--	--	--	--
Investment property		--	--	355 655	0	355 655	355 655	--	29 638	32 009	34 570
Investment in Associates		--	--	--	--	--	--	--	--	--	--
Property, plant and equipment	3	--	--	--	--	--	--	--	616 714	666 051	719 335
Biological		--	--	--	--	--	--	--	--	--	--
Intangible		--	--	--	(0)	323	323	--	27	29	31
Other non-current assets		--	--	--	--	0	0	--	0	0	0
Total non current assets		--	--	356 488	0	355 978	355 978	--	646 378	698 089	753 936
TOTAL ASSETS		--	--	627 503	216 098	571 470	571 470	--	659 508	711 362	764 589
LIABILITIES											
Current liabilities											
Bank overdraft	1	--	--	--	--	--	--	--	--	--	--
Borrowing	4	--	--	--	--	--	--	--	--	--	--
Consumer deposits		--	--	192	0	0	0	--	0	0	0
Trade and other payables	4	--	--	--	--	--	--	--	80 335	86 762	93 703
Provisions		--	--	8 515	0	3 077	3 077	--	3 077	3 323	3 589
Total current liabilities		--	--	8 706	0	3 077	3 077	--	83 412	90 085	97 292
Non current liabilities											
Borrowing		--	--	--	--	--	--	--	7 233	7 812	8 437
Provisions		--	--	--	--	--	--	--	10 814	11 679	12 613
Total non current liabilities		--	--	--	--	--	--	--	18 047	19 491	21 050
TOTAL LIABILITIES		--	--	8 706	0	3 077	3 077	--	101 459	109 576	118 342
NET ASSETS	5	--	--	618 797	216 098	568 393	568 393	--	558 049	601 786	646 247
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		--	--	--	--	--	--	--	558 049	601 786	646 247
Reserves	4	--	--	--	--	--	--	--	--	--	--
TOTAL COMMUNITY WEALTH/EQUITY	5	--	--	--	--	--	--	--	558 049	601 786	646 247

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.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves.
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.



Table 11 MBRR Table A7 - Budgeted Cash Flow Statement

NC071 Ubuntu - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		2 137	3 228	4 260	5 782	14 840	14 840	--	6 129	6 496	6 496
Service charges		9 897	11 625	13 891	20 151	23 639	23 639	--	32 933	33 034	33 034
Other revenue		8 488	6 820	3 973	8 298	7 993	7 993	--	8 673	9 069	9 069
Transfers and Subsidies - Operational	1	30 609	33 704	40 137	38 707	38 697	38 697	--	41 856	44 029	44 069
Transfers and Subsidies - Capital	1	2 101	12 829	9 110	14 975	14 975	14 975	--	24 934	19 397	30 735
Interest		4 355	2 348	9 489	2 266	3 991	3 991	--	2 402	2 546	2 546
Dividends		--	--	--	--	--	--	--	--	--	--
Payments											
Suppliers and employees		(48 952)	(52 076)	(68 195)	(71 741)	(75 628)	(75 628)	--	(82 704)	(87 622)	(90 385)
Finance charges		(5 600)	(4 551)	(6 751)	(2 901)	(5 802)	(5 802)	--	(6 150)	(6 519)	(6 519)
Transfers and Grants	1	--	--	--	--	--	--	--	(87)	(93)	(93)
NET CASH FROM/(USED) OPERATING ACTIVITIES		3 035	13 927	5 914	15 536	22 705	22 705	--	27 986	20 338	28 953
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		--	--	--	--	--	--	--	--	--	--
Decrease (increase) in non-current receivables		--	--	--	--	--	--	--	--	--	--
Decrease (increase) in non-current investments		--	--	--	--	--	--	--	--	--	--
Payments											
Capital assets		(4 643)	(11 223)	(8 412)	(14 975)	(15 175)	(15 175)	--	(24 934)	(19 397)	(30 735)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4 643)	(11 223)	(8 412)	(14 975)	(15 175)	(15 175)	--	(24 934)	(19 397)	(30 735)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		1 858	211	--	--	--	--	--	--	--	--
Borrowing long term/refinancing		--	--	--	--	--	--	--	--	--	--
Increase (decrease) in consumer deposits		--	--	--	--	--	--	--	--	--	--
Payments											
Repayment of borrowing		(287)	(269)	(816)	--	(7 300)	(7 300)	--	--	--	--
NET CASH FROM/(USED) FINANCING ACTIVITIES		1 569	(58)	(816)	--	(7 300)	(7 300)	--	--	--	--
NET INCREASE/ (DECREASE) IN CASH HELD		(39)	2 646	(3 315)	561	230	230	--	3 052	941	(1 782)
Cash/cash equivalents at the year begin:	2	2 568	2 529	5 174	2 568	1 860	1 860	--	2 090	5 142	6 083
Cash/cash equivalents at the year end:	2	2 529	5 174	1 860	3 129	2 090	2 090	--	5 142	6 083	4 301

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. It is clear that the budget is funded with a net surplus of R5, 142 m
2. It shows the expected level of cash in-flow versus cash out-flow is likely to result into a net cash inflow of R3, 052 million. This can be used to pay the growing outstanding creditors. It is however to little and more needs to be generated to ensure credible payment plans with all creditors.

Table 12 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC071 Ubuntu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	--	--	(84 012)	(39 466)	7 797	7 797	--	2 292	2 435	(185)
Other current investments > 90 days		--	--	106 328	255 561	17 284	17 284	--	0	1	1
Non current assets - Investments	1	--	--	--	--	--	--	--	--	--	--
Cash and investments available:		--	--	22 316	216 095	25 081	25 081	--	2 292	2 436	(185)
Application of cash and Investments											
Unspent conditional transfers		--	--	--	--	--	--	--	--	--	--
Unspent borrowing		--	--	--	--	--	--	--	--	--	--
Statutory requirements	2	--	--	--	--	--	--	--	--	--	--
Other working capital requirements	3	--	--	--	(1)	(94 066)	(94 066)	--	74 050	81 123	88 064
Other provisions		--	--	--	--	--	--	--	--	--	--
Long term investments committed	4	--	--	--	--	--	--	--	--	--	--
Reserves to be backed by cash/investments	5	--	--	--	--	--	--	--	--	--	--
Total Application of cash and Investments:		--	--	--	(1)	(94 066)	(94 066)	--	74 050	81 123	88 064
Surplus(shortfall)		--	--	22 316	216 095	119 147	119 147	--	(71 758)	(78 687)	(88 248)

References

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

Other working capital requirements

Debtors	--	--	--	1	94 066	94 066	--	6 285	5 639	5 639
Creditors due	--	--	--	--	--	--	--	80 335	86 762	93 703
Total	--	--	--	1	94 066	94 066	--	(74 050)	(81 123)	(88 064)

Debtors collection assumptions

Balance outstanding - debtors	--	--	248 189	3	188 938	188 938	--	10 837	10 837	10 837
Estimate of debtors collection rate	0,0%	0,0%	0,0%	46,3%	49,8%	49,8%	0,0%	58,0%	52,0%	52,0%

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or shortfall. A shortfall would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework is to ensure the budget is funded and aligned to section 18 of the MFMA.
5. Please take note that collecting old debt is of paramount importance to make the budget funded.

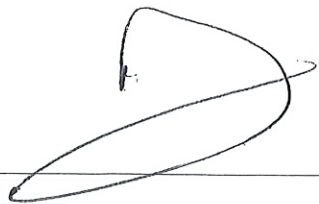


Table 13 MBRR Table A9 - Asset Explanatory notes to Table A9 - Asset Management

ASSET REGISTER SUMMARY - PPE (WDV)	5	652 709	639 600	616 060	15 175	646 378	646 378	646 678	698 113	753 986
Roads Infrastructure		-	-	-	-	72 339	72 339	72 339	78 126	84 376
Storm water Infrastructure		-	-	-	-	10 201	10 201	10 201	11 017	11 899
Electrical Infrastructure		445 757	438 885	421 862	5 005	22 159	22 159	22 159	23 932	25 846
Water Supply Infrastructure		-	-	-	9 970	66 446	66 446	66 446	71 762	77 503
Sanitation Infrastructure		(521)	(745)	(649)	-	268 035	268 035	268 035	289 478	312 637
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		445 236	438 140	421 313	14 975	439 181	439 181	439 181	474 315	512 261
Community Assets		144 229	139 585	134 973	0	134 973	134 973	134 973	145 771	157 433
Heritage Assets		-	-	-	-	0	0	0	0	0
Investment properties		29 322	29 286	29 638	0	29 638	29 638	29 638	32 009	34 570
Other Assets		15 425	14 654	13 495	-	27 053	27 053	27 053	29 218	31 555
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		48	33	27	(0)	27	27	27	29	31
Computer Equipment		-	-	-	-	423	423	423	456	493
Furniture and Office Equipment		2 579	2 399	2 047	200	233	233	533	276	322
Machinery and Equipment		-	-	-	-	288	288	288	311	336
Transport Assets		2 411	2 044	1 108	0	1 104	1 104	1 104	1 192	1 288
Land		13 458	13 458	13 458	0	13 458	13 458	13 458	14 535	15 698
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	652 709	639 600	616 060	15 175	646 378	646 378	646 678	698 113	753 986

1. There are sufficient assets in the municipality to maintain the current demand. However the condition of these assets are not desirable and needs replacement. There is also space for additional infrastructure.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

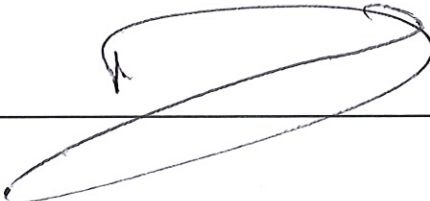
QUALITY CERTIFICATE

I, Dibere Maposa, as acting municipal manager of **Ubuntu Municipality,** hereby certify that Draft Medium Term Revenue and Expenditure Framework.

For the draft 2021-2023 MTREF has been prepared in accordance with the Municipal Finance Management Act and Regulations made under that Act.

Print Name Dibere Maposa

Acting Municipal Manager of **Ubuntu Local Municipality (NC071)**

Signature 

Date 3 April 2020

