



Fezile Dabi

District Municipality

ANNUAL BUDGET

2016/17 TO 2018/19

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

COPIES OF THIS DOCUMENT ARE OBTAINABLE AT:

Fezile Dabi district municipality (main building)
Libraries within the district
www.feziledabi.gov.za

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PART 1- ANNUAL BUDGET

1.1 MAYOR'S REPORT

The Mayor's report will accompany the annual budget that will be taken for council approval during May 2016 and will be posted on the municipal website; www.feziledabi.gov.za

1.2 RESOLUTIONS

Resolutions dealing with the following matters will be attached to the annual budget:

- Approval of the annual budget of the municipality, and specifically appropriately the amounts to different votes, and for single-year and multi-year capital expenditures
note should be taken that Fezile Dabi district municipality does not have infrastructural assets and therefore multi-year budgeting on capital expenditure is not applicable)
- Approval of measurable performance objectives for the annual budget for each year of the medium term revenue and expenditure framework
- Approval of all budget related policies or amendments to such policies.

The aforesaid information is set out in detail on Schedule A budget tables, other supporting documents and as per the recommendations made to Mayco and Council

1.3 EXECUTIVE SUMMARY

TOTAL REVENUE BY SOURCE

Operating Grants and Subsidies	R 145,547,000
Interest Earned - External Investments	R 3,700,000
Municipal Infrastructure Grant (Mafube L/M)	R 21,420,551
Other Income	R 300,000
Transfer from Accumulated Surplus	R 5,398,302
Total Revenue By Source	<u>R 176,365,853</u>

TOTAL EXPENDITURE BY TYPE

Employees' Salaries and Allowances	R 74,508,862
Employee Social Contributions	R 14,557,000
Remuneration of Councillors	R 7,541,000
Infrastructural Projects L/M	R 2,119,000
Infrastructural Projects Mafube Local Municipality (MIG)	R 21,420,551
Repair and Maintenance	R 1,995,600
General Expenses – Other	R 43,918,840
General Expenses - Financial Service	R 1,825,000
General Expenses Contracted Services	R 5,150,000
Capital Expenditure	R 3,330,000
Total Expenditure By Type	<u>R176,365,853</u>

1.4 ANNUAL BUDGET TABLES

Background on the main budget tables

- 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). The table provides an overview of the amounts to be approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance.
- Financial management reforms emphasize 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:
 - The operating surplus/deficit (after Total Expenditure) is negative over the MTREF and is being funded from short term investments and positive bank balances.
 - Capital expenditure is funded from internally generated funds (positive cash balances)
- 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 enable the National Treasury to compile government's reports.
- Table A3 is a view of the budgeted financial performance in relation to revenue and expenditure
- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget.
- Table A7 budgeted cash flow statement is the first measurement in determining if the budget is funded, it shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- Table A8 shows the cash backed reserves/accumulated surplus reconciliation and is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
- Table A10 has not been completed as the district municipality does not render any basic services

(Budget main tables A1 to A10)

PART 2- SUPPORTING DOCUMENTS

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

PAST ACTIVITIES	DATE
Approval of the consolidated IDP and Budget process plan by council	31 July 2015
Budget steering committee (S 72 report and working session on the Adjustment budget for 2015/16)	18 February 2016
Approval of the adjustment budget	26 February 2016
Publication of the Adjustment budget 2016/17 (Budget documents distributed in local libraries and local municipalities within the district)	05 March 2016

PLANNED ACTIVITIES	DATE
Finance Portfolio committee meeting MPAC meeting (noting the tabling of the draft budget 2016/17)	22 March 2016
Mayoral committee meeting (noting the tabling of the draft budget 2016/17)	29 March 2016
IDP & Budget steering committee (ensuring a realistically funded Draft budget 2016/17)	30 March 2016
IDP steering committee	30 March 2016
Council meeting (tabling of the draft budget 2016/17)	31 March 2016
Adherence to the internal MFMA compliance calendar for the Month of April (submission and publication of documents)	06 April 2015
Public Participation meetings (Draft IDP and Draft budget 2015/16)	Actual dates: 13 April 2016 (Metsimaholo) 20 April 2016 (Ngwathe) 21 April 2016 (Moqhaka) 22 April 2016 (Mafube) 05 May 2016 (Metsimaholo)
Budget steering committee meeting (consideration of the public participation report)	26 May 2016
Finance Portfolio committee meeting	17 May 2016
Mayoral committee meeting (noting the approval of the annual budget 2016/17)	26 May 2016
Council meeting (approval of the annual budget)	27 May 2016

2016/17)	
Adherence to the internal MFMA compliance calendar for the Month of May 2016 (submission and publication of documents)	10 June 2016

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

There is an active team in charge of the alignment on the strategic documents, which deals with the following; intergrated development planning, annual budgets, performance management, reporting, monitoring and evaluation.

SA4

This table shows the reconciliation of IDP strategic objectives and budget (revenue)

SA5

This table shows the reconciliation of IDP strategic objectives and budget (operating expenditure)

SA6

This table shows the reconciliation of IDP strategic objectives and budget (capital expenditure)

(supporting tables SA4, SA5, SA6)

2.3 MEASURABLE PERFORMANCE OBJECTIVES

Table SA7 is linked to Table A10 which outlines the basic service delivery measurement, no information has been captured on these tables, the information relates to household service targets on water, sanitation/ sewerage, energy and refuse.

2.4 OVERVIEW OF BUDGET-RELATED POLICIES

Council must take note that the following policies relate to the budget and its implementation:

Budget and Reporting Policy	<i>(Reviewed and no changes)</i>
Budget Virement Policy	<i>(Reviewed and no changes)</i>

The above policies can also be accessed from www.feziledabi.gov.za

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

Revenue assumptions

Operating grants and subsidies

R 166,667,551

Operating grants and subsidies are as per the Division of Revenue Act. Included on the amount of R166,697,551 is the Municipal Infrastructure Grant for Mafube Local Municipality Amounting to R22,420,551.

Interest earned on external investments

R 3,700,000

The interest earned on external investments is based on the assumption that the average interest rate range from 5-6 % on the investments in the next financial year and these are short term investments.

Other Income

R 300,000

Description	Amount (R)
Skills levy- seta	R 100,000
Tender deposits	R 30,000
Private Telephone Recovery	R 170,000
TOTAL	R 300 000

- Assumptions used for projecting some of the above figures are based on averaging methods and the most appropriate average was used to come up with the estimation
- The estimation of R100 000 on Skills ley –seta is based on capacity and training that is given to employees by certain accredited institutions.
- Sales on tender documents is expected to be as follows:
692.5 documents @ R40, 2 documents @ R250 and 12 documents @ R150 which gives a total of R 30 000
- An estimation of R170 000 is a deduction on salaries of employees for Private Telephone usage.

Expenditure assumptions

An increase of 6.00% on employees related costs (excluding updates on salary notches) as per Bargaining Agreement and 5.5% on Remuneration of councilors has been applied; estimates are as per circular 74,75,78,79 and recent circular 82 cost containment measures this circular did not affect the Remuneration of councilors.

All other General and Capital Expenses have been budgeted in line with the user's Inputs, applying the combination of Zero-Based and Incremental Budgeting approaches, projected cost of living increase adjustments as well as taking into account previous years' circulars, circular 59, circular 74 and 75, 78, 79 and the recent circular 82 that was issued after the Draft Budget was tabled in March however the circular was taken into account when finalizing the annual budget.

2.6 OVERVIEW OF BUDGET FUNDING

Total revenue

R 170 967 551

Table A7 and Table A8 - budget main tables indicate the detailed funding of the budget, derived from the said tables there is a budget deficit amounting to R 5 398 302, thus there is a scheduled meeting to take place on March 2016 (Budget steering committee) in order to ensure that the budget is funded from realistically anticipated sources of revenue and that prioritization takes place to avoid budget deficits.

2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Table S A19

This table outlines the expenditure on transfers and grant programmes

(Please turn over for attached table S A19)

2.8 COUNCILLORS AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Table S A22

This table gives a summary of councilor and staff benefits

Table S A23

This table gives a summary of salaries, allowances & benefits for political office bearers/councilors/senior managers

Table S A24

This table gives a summary of personnel numbers

(S A22, S A23 and S A 24)

MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table S A25

This table shows the consolidated budgeted monthly revenue and expenditure

Table S A26

This table shows the consolidated budgeted monthly revenue and expenditure by municipal vote

Table S A27

This table shows the consolidated budgeted monthly revenue and expenditure by standard classification

Table S A28

This table shows the consolidated budgeted monthly capital expenditure by municipal vote

Table S A29

This table shows the consolidated budgeted monthly capital expenditure by standard classification

Table S A30

This table shows the consolidated monthly budget cash flow

(S A25, S A26, S A27, S A28, S A29 and S A30)

2.9 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS- INTERNAL DEPARTMENTS

The annual budget divided in quarterly periods and meant for strategic implementation will be contained in the draft SDBIP 2016/17.

2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Contracts with future budgetary implications will be considered during the prioritizing process to take place and will be accounted for.

2.11 CAPITAL EXPENDITURE DETAILS

<u>DEPARTMENTS AND DESCRIPTIONS</u>	<u>BUDGETED AMOUNT</u>
Council General	
Furniture & Equipment	R 0
Executive Mayor	
Furniture & Equipment	R 0
Office of the Speaker	
Furniture & Equipment	R 0
Mayoral Committee	
Furniture & Equipment	R 0
Municipal Manager	
Furniture & Equipment	R 0
Financial Services	
Replacement of the Speakers Vehicle	R 700 000
Replacement of Executive Mayor Vehicle	R 700 000
Information Technology	
IT Equipment	R 0
Project Management & Public Works	
Provision for Replacement of old Plant Property and Equipment	R 250 000
Reception waiting area at Mayor's office (Completion)	R 750 000
Corporate Support Services	
Furniture & Equipment	R 0

Fire Services	
Furniture & Equipment	R 0
Vehicles (grass fire unit for the District unimog)	R 0
Fire Engine for the District and rescue equipment for local municipalities	R 210 000
Disaster Management	
Furniture & Equipment	R 0
Vehicles	R 0
Equipment	R 0
Buildings (Upgrade of the Centre)	R 700 000
Local Economic Development	
Furniture & Equipment	R 20 000
Environmental Health and Emergency Services	
Furniture & Equipment	R 0
TOTAL	R 3 330 000

