

SCHEDULE B

ADJUSTMENT BUDGET AND SUPPORTING DOCUMENTATION OF RAMOTSHERE MOILOA LOCAL MUNICIPALITY



ADJUSTMENT BUDGET OF RAMOTSHERE MOILOA LOCAL MUNICIPALITY



2021/22 TO 2023/24 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
 - **At www.treasury.gov.za**
 - **At www.ramotshere.gov.za**

Table of Contents

PART 1 – ADJUSTMENT BUDGET	1
1.1 MAYOR’S REPORT	1
1.2 COUNCIL RESOLUTIONS	1
1.3 EXECUTIVE SUMMARY	1
1.4 OPERATING REVENUE FRAMEWORK.....	3
1.5 OPERATING EXPENDITURE FRAMEWORK.....	10
1.6 CAPITAL EXPENDITURE	12
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	14
2 PART 2 – SUPPORTING DOCUMENTATION	32
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	32
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	34
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS.....	36
2.4 OVERVIEW OF BUDGET RELATED-POLICIES.....	42
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	42
2.6 OVERVIEW OF BUDGET FUNDING	44
2.7 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS.....	56
2.8 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	56
2.9 CAPITAL EXPENDITURE DETAILS	56
2.10 LEGISLATION COMPLIANCE STATUS.....	58
2.11 MUNICIPAL MANAGER’S QUALITY CERTIFICATE	61

List of Tables

Table 1 Consolidated Overview of the 2019/20 MTREF	3
Table 2 Summary of revenue classified by main revenue source.....	4
Table 3 Operating Transfers and Grant Receipts	5
Table 4 Comparison of proposed rates to levied for the 2019/20 financial year	6
Table 5 Proposed Water Tariffs	7
Table 6 to 23	10-38
Table 24 IDP Strategic Objectives	35
Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	Error! Bookmark not defined.
Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	Error! Bookmark not defined.
Table 27 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	Error! Bookmark not defined.
Table 28 MBRR Table SA7 - Measurable performance objectives.....	Error! Bookmark not defined.
Table 29 MBRR Table SA8 - Performance indicators and benchmarks.....	39

Table 30 Breakdown of the operating revenue over the medium-term	45
Table 31 Proposed tariff increases over the medium-term.....	46
Table 32 MBRR SA15 – Detail Investment Information	Error! Bookmark not defined.
Table 33 MBRR SA16 – Investment particulars by maturity	47
Table 34 Sources of capital revenue over the MTREF	47
Table 35 MBRR Table SA 17 - Detail of borrowings	48
Table 36 MBRR Table SA 18 - Capital transfers and grant receipts	49
Table 37 MBRR Table A7 - Budget cash flow statement.....	Error! Bookmark not defined.
Table 38 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	50
Table 39 MBRR SA10 – Funding compliance measurement	51
Table 40 MBRR SA19 - Expenditure on transfers and grant programmes.....	Error! Bookmark not defined.
Table 41 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	Error! Bookmark not defined.
Table 42 MBRR SA22 - Summary of Councillor and staff benefits.....	Error! Bookmark not defined.
Table 43 MBRR SA23 - Salaries, allowances and benefits (political office bearers/Councillors/ senior managers)	Error! Bookmark not defined.
Table 44 MBRR SA24 – Summary of personnel numbers	Error! Bookmark not defined.
Table 45 MBRR SA25 - Budgeted monthly revenue and expenditure	Error! Bookmark not defined.
Table 46 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)....	Error! Bookmark not defined.
Table 47 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification).....	Error! Bookmark not defined.
Table 48 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	Error! Bookmark not defined.
Table 49 MBRR SA29 - Budgeted monthly capital expenditure (standard classification) .	Error! Bookmark not defined.
Table 50 MBRR SA30 - Budgeted monthly cash flow.....	Error! Bookmark not defined.
Table 51 MBRR SA 34a - Capital expenditure on new assets by asset class .	Error! Bookmark not defined.
Table 52 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class.....	Error! Bookmark not defined.
Table 53 MBRR SA34c - Repairs and maintenance expenditure by asset class.....	Error! Bookmark not defined.
Table 54 MBRR SA35 - Future financial implications of the capital budget .	Error! Bookmark not defined.
Table 55 MBRR SA36 - Detailed capital budget per municipal vote	Error! Bookmark not defined.
Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance	Error! Bookmark not defined.
Table 57 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	Error! Bookmark not defined.
Table 58 MBRR Table SA3 – Supporting detail to Statement of Financial Position	Error! Bookmark not defined.
Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions.....	Error! Bookmark not defined.

List of Figures

Figure 2 Capital Infrastructure Programme	14
Figure 3 Planning, budgeting and reporting cycle	37
Figure 5 Breakdown of operating revenue over the 2019/20MTREF	45

Abbreviations and Acronyms

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

SAPS South African Police Service

SMME Small Micro and Medium Enterprises

SDBIP Service Delivery Budget
Implementation Plan

Part 1 – Adjustment Budget

1.1 Mayor's Report

Honourable Speaker of Council-Cllr. K.R Mogotsi, Honourable Chairperson of Municipal Public Accounts-Cllr. R Mogorosi

Members of the Mayoral Committee, Managers, all protocol observed

Honourable Speaker

The Ramotshere Moiloa Local Municipality Council approved an annual budget for the 2021/22 financial year of R 434.3 million, comprising of R 388.2 million Operating Expenditure and R46.1 million for Capital expenditure.

During the mid-term assessment (section 72 report tabled in council on 31 January 2022) it was recommended that an adjustment to the approved budget be prepared.

It is required in terms of MBRR regulation 23 that an adjustment budget be tabled no later than 28 February.

It is against this backdrop that the following adjustments to the budget are tabled for approval by Council.

I recommend that the Council approves and adopts the following resolutions:

1.2 COUNCIL RESOLUTIONS

See attached resolution

1.3 Executive Summary

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

National Treasury's MFMA Circulars No 107 and 108 were used to guide the compilation of the 2021/22 MTREF.

The main challenges experienced during the compilation of the 2021/22 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy.
- The number of objections received on the new General Valuation.
- The pending Court Case by some residents with regards to the General valuation roll implemented on 01 July 2019.
- Aging and poorly maintained water, roads, and electricity infrastructure.
- Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable.
- Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies.
- The grant from Ngaka Modiri Molema District Municipality has not been transferred to the municipality.

The following budget principles and guidelines directly informed the compilation of the 2021/22 MTREF:

- The 2020/21 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2021/22 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
-

In view of the aforementioned, the following table is a consolidated overview of the proposed 2021/22 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2021/22 MTREF

	MTREF Budget 2021/22	ADJUSTMENT 2021/22 BUDGET	MTREF Budget 2022/23	MTREF 2023/24 Budget
Total Revenue	450,016,983	415,452,116	472,428,045	481,681,243
Operating Expenditure	388,212,100	399,847,094	360,663,893	374,333,545
Capital Expenditure	46,102,000	56,275,077	52,312,400	54,099,570
Total Budget	434,314,100	456,122,171	412,976,293	428,433,115

The proposed adjustment budget of Ramotshere Moiloa Local municipality for the 2021/22 financial year totals R 456.1 million, comprising of R 399.8 million Operating Expenditure and R 56.2 million for Capital expenditure.

1.4 Operating Revenue Framework

For Ramotshere Moiloa Local Municipality to continue improving the quality of services provided to its communities it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy.
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA).
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service.
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).
- Increase ability to extend new services and recover costs.
- The municipality's Indigent Policy and rendering of free basic services; and

- Tariff policies of the Municipality.

The following table is a summary of the 2021/22 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

NW385 Ramotshere Moiloa - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	54,588	-	-	-	-	-	6,573	6,573	61,161	54,588	54,588
Service charges - electricity revenue	2	75,136	-	-	-	-	-	(18,207)	(18,207)	56,929	81,185	88,540
Service charges - water revenue	2	10,540	-	-	-	-	-	(2,468)	(2,468)	8,072	10,983	11,466
Service charges - sanitation revenue	2	3,155	-	-	-	-	-	(2,595)	(2,595)	560	3,288	3,432
Service charges - refuse revenue	2	10,836	-	-	-	-	-	3,332	3,332	14,169	11,291	11,788
Rental of facilities and equipment		10	-	-	-	-	-	76	76	86	10	11
Interest earned - external investments		195	-	-	-	-	-	(187)	(187)	8	203	212
Interest earned - outstanding debtors		914	-	-	-	-	-	(914)	(914)	-	953	994
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4,580	-	-	-	-	-	(4,069)	(4,069)	511	4,772	4,982
Licences and permits		11,603	-	-	-	-	-	(8,792)	(8,792)	2,811	12,090	12,622
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		199,630	-	-	-	-	-	11,445	11,445	211,075	209,151	205,954
Other revenue	2	30,528	-	-	-	-	-	(16,361)	(16,361)	14,168	31,810	33,210
Gains		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		401,715	-	-	-	-	-	(32,165)	(32,165)	369,550	420,324	427,799

Property rates revenue is revised from R54million to R61million and service charges from R99.6 million to R79.7 million. The main adjustment is electricity with a reduction of R18m from R75.1million to R56.9 million.

An adjustment of R 11.8 million has been made to the Water Services grant from Ngaka Modiri Molema District Municipality based on the approved business plan. No other adjustments have been made to grant allocations from National and Provincial government. The table below depicts the grants allocated to the municipality for the 2021/22 financial year

Table 3 Operating Transfers and Grant Receipts

DESCRIPTION	MTREF 2021/22	Adjustment MTREF 2021/22	MTREF 2022/23	MTREF 2023/24
Financial Management Grant	2,200,000.00	2,200,000.00	2,254,728.10	2,314,470.34
EPWP	1,212,000.00	1,212,000.00	-	-
Equitable Share	195,823,000.00	195,823,000.00	206,851,000.00	203,384,000.00
Municipal Infrastructure Grant	39,127,000.00	39,127,000.00	42,104,000.00	43,882,000.00
NW Department of Sport, Arts and Culture	395,000.00	-	-	-
Ngaka Modiri Molema DM Water Grant	-	11,840,000.00	-	-
Integrated National Electrification Program	6,775,000.00	6,775,000.00	10,000,000.00	10,000,000.00
	245,532,000.00	256,977,000.00	261,209,728.10	259,580,470.34

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

- Due to the increased market values of the properties in the General Valuation Roll, the municipality has opted not to increase the tariffs to compensate for the high values in the market values of the properties.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2020/21 financial year based on a zero per cent increase from 1 July 2019 is contained below:

Table 4 Approved rates levied for the 2021/22 financial year

RAMOTSHERE - MOILOA LOCAL MUNICIPALITY - "NW385"										
DRAFT TARIFF STRUCTURE - PROPERTY RATES										
2021/22 FINANCIAL YEAR										
PROPERTY RATES	CATEGORY OF PROPERTY									
	Residential/ Domestic	Industrial	Business/ Commercial	Agricultural	Mining	properties owned by organ of state used for public service purpose	Public Service Infrastructu re	Property owned by public benefit organisations and used for specific public benefit activities	Property used for multi purpose, subject to section 9	Special Category
Basic Charge - (in the Rand value) All areas	0.01696	0.03392	0.03392	0.00424	0.03392	0.00424	0.00424	-		
Rebates - %								100%		10%
Retired and disabled persons on residential properties	-	-	-	-	-	-	-	-		-
month(excluding indigents)	50%	-	-	-	-	-	-	-		-
Owner with income between R5001 and R10 000	40%	-	-	-	-	-	-	-		-
Exemptions As contemplated in paragraph 10 (1) and (2) of the Municipal Property Rates Policy										
Reductions										
Municipal Property Rates Act 2004	R15 000			R15 000						
% Discount - full settlement of rates before 30 September each year	10%	10%	10%	10%		10%				10%
CONSUMER DEPOSITS - (Rand value)	R 2 939	R 14 691	R 35 258	R -		R 35 258	R 35 258	R 11 753		R 5 876

1.4.2 Sale of Water and Impact of Tariff Increases

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

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

- Water tariffs are designed to encourage efficient and sustainable consumption.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A summary of the approved tariffs for households (residential) and non-residential are as follows:

Table 5 Approved Water Tariffs

RAMOTSHERE - MOILOA LOCAL MUNICIPALITY - "NW385"			
DRAFT WATER TARRIFFS FOR 2020/2021			
SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2020/2021	2021/2022
WATER SERVICES			
Consumption			
Residential/Domestic - (per kl)			
	0-12 Free Basic Water - Registered indigents	R 0.00	R 0.00
	0-15	R 6.72	R 7.05
	OVER 15.1 - 30	R 7.56	R 7.94
	OVER 30.1 - 45	R 8.40	R 8.82
	OVER 45.1 - 60	R 9.27	R 9.73
	OVER 60.1	R 10.08	R 10.58
Industrial/Bulk - (per kl)			
	0-300	R 11.44	R 12.01
	OVER 301 - 600	R 13.44	R 14.11
	OVER 601	R 15.45	R 16.22
Businesses/Commercial (per kl)			
	0-300	R 11.44	R 12.01
	OVER 301-600	R 13.79	R 14.48
	OVER 601	R 15.97	R 16.77
Government (per kl)			
	0-300	R 6.25	R 6.57
	OVER 301-600	R 7.65	R 8.03
	OVER 601	R 8.68	R 9.12
Prepaid meters (per kl)			
Water Connections			
Connection size payable with application			
	Pipe not exceeding 24 metres in length		
	15mm	R 2 166.20	R 2 274.51
	20mm	R 3 043.53	R 3 195.71
	25mm	R 4 480.75	R 4 704.79
	40-80mm (deposit of R300 is payable before service is rendered) balance immediately thereafter	Cost plus 15%	Cost plus 15%
	100-150mm(Deposit of R300 is payable before service is rendered) balance immediately thereafter	Cost plus 15%	Cost plus 15%
	Pipe exceeding 24 metres in length		
	Any size	Cost plus 15%	Cost plus 15%
Final service invoice would be issued after completion. Deposit equivalent to 40% of estimated cost is payable when NO CONNECTION WORK WILL START WITHOUT PRIOR SUBMISSION OF COMPLETED APPLICATION FORMS			
Re-connection fees for water cut-offs			
		R 4 476.43	R 4 700.25
Funerals - Water Tankers			
	2500kl	R 839.87	R 881.86
	5000kl	R 1 679.74	R 1 763.72

1.4.3 Sale of Electricity and Impact of Tariff Increases

Registered indigents will again be granted 50 kWh per month free of charge. The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for

electricity. However, there has not been any determination by NERSA since the impasse around Eskom's application. Circular 99 of the MFMA has urged that municipalities use the previously approved tariff increases approved by the regulator of 8.1 per cent for 2020/21, 5.2 per cent 2021/22 and 8.9 per cent for 2022/23.

The municipality has also gone further to remove the basic electricity charge for domestic prepaid customers. This charge has not been collected at point of sale but rather billed along with other charges, the collection of which is almost an impossible task. This has put immense pressure on the collection rate particularly on electricity sales.

DRAFT ELECTRICITY TARIFFS 2021/2022			
	UNITS	2020/2021	2021/2022
DOMESTIC			
Domestic Prepaid			
Energy Charge	>0kWh	1.5557	1.6942
Basic Charge		0.00	0.00
Domestic Conventional & Outside Borders			
Block 1	(0- 50kWh)	1.0981	1.1958
Block 2	(51-350kWh)	1.4243	1.5511
Block 3	(351-600kWh)	1.9217	2.0927
Block 4	(>600kWh)	2.1090	2.2967
Basic Charge		181.78	197.96
COMMERCIAL			
Commercial Prepaid			
Energy Charge	>0kWh	2.3141	2.5201
Basic charge		181.42	197.57
Commercial Conventional			
Basic charge		182.93	199.21
Energy Charge	>0kWh	2.1995	2.3953
INDUSTRIAL			
Government Low Tension			
Demand Charge	0>kVA	248.45	270.56
Energy Charge	0>kWh	1.0900	1.1870
Basic Charge		166.68	181.51
Agriculture			
Energy charge	0>kWh	1.2703	1.3834
Basic Charge		492.51	536.34
Government			
Energy charge	0>kWh	1.2884	1.4031
Basic Charge		269.46	293.44
Agriculture low tension			
Demand Charge	0>kVA	258.60	281.62
Energy Charge		1.1559	1.2588
Basic Charge		1.8142	1.9757
Industrial Low tension			
Energy Charge	0>KWh	1.0929	1.1902
Demand Charge	0>kVA	249.33	271.52
Basic Charge		181.42	197.57

The inadequate electricity bulk capital Municipality and the impact on service delivery and development remains a challenge for the Municipality The approved budget for the Electricity Division can only be

utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 4.5 per cent for sanitation from 1 July 2020 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

The following table compares the current and proposed tariffs:

Table 6 Comparison between current sanitation charges and increases

SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2020/2021	2021/2022
SANITATIONS SERVICES			
Disposal of chemical toilets - per kilolitre		R 152.13	R 159.73
Sewage tariffs			
	Residential/Domestic - basic	R 17.68	R 18.57
	Residential/Domestic - (first point)	R 17.68	R 18.57
	Residential/Domestic - (next point)	R 8.51	R 8.93
	Government - basic	R 20.25	R 21.26
	Government - per point	R 23.90	R 25.10
	Businesses/Commercial - basic	R 20.25	R 21.26
	Businesses/Commercial - point	R 23.90	R 25.10
Suction tariffs - per kilolitre			
0 - 10kl		R 103.70	R 108.89
11 - 20kl		R 51.85	R 54.44
21 - 30kl		R 34.57	R 36.30
22 - 40kl		R 25.92	R 27.21
41 - 50kl		R 20.74	R 21.78
51 - 60kl		R 17.28	R 18.14
61 - 70kl		R 14.82	R 15.56
71 - 80kl		R 12.94	R 13.58
81 - 90kl		R 11.52	R 12.10
91 - 100kl		R 11.64	R 12.22
<i>The tariff levied for sewer charges is based on the number of service points per, property per category.</i>			
Additional sewerage connection installed by council			
	Cleaning sewerage blockages and assisting private institutions with their own pump stations	R 8 566.66	R 8 994.99
	Office hours: per half an hour or part thereof	R 755.88	R 793.67
	After hours: per half an hour or part thereof	R 1 007.84	R 1 058.23

1.4.5 Waste Removal and Impact of Tariff Increases

A 4.5 per cent increase in the waste removal tariff is proposed from 1 July 2021. Any increase higher than 4.5 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2020:

Table 7 Comparison between current waste removal fees and increases

REFUSE REMOVAL SERVICES			
Monthly levies payable			
BUSINESS	Business 1X Week	R 335.73	R 352.52
	Business 2X Week	R 502.85	R 527.99
	Business 3X Week	R 1 138.51	R 1 195.43
	Business 3X Week	R 1 508.55	R 1 583.98
	Bulk Removal 1X Week	R 755.02	R 792.78
	Bulk Removal 3X Week	R 1 138.51	R 1 195.43
GOVERNMENT	Bulk Removal 1X Week	R 838.59	R 880.51
	Bin 1X Week	R 119.37	R 125.34
	MILITARY BASE	R 845.48	R 887.75
RESIDENTIAL	Bin 1X Week	R 119.37	R 125.34
	Bin 2X Week	R 141.75	R 148.84

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2021/22 budget and MTREF is informed by the following:

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan, no funding allocation can be made.
- The approved funding plan

The following table is a high-level summary of the 2021/22 budget and MTREF (classified per main type of operating expenditure):

Table 9 Summary of operating expenditure by standard classification item

NW385 Ramotshere Moiloa - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Expenditure By Type												
Employee related costs		143,692	-	-	-	-	-	15,487	15,487	159,179	147,688	154,187
Remuneration of councillors		14,594	-	-	-	-	-	1,206	1,206	15,800	15,207	15,876
Debt impairment		77,576	-	-	-	-	-	(39,396)	(39,396)	38,181	45,122	46,387
Depreciation & asset impairment		32,114	-	-	-	-	-	9,413	9,413	41,527	32,114	32,114
Finance charges		500	-	-	-	-	-	900	900	1,400	521	544
Bulk purchases - electricity		76,939	-	-	-	-	-	(7,823)	(7,823)	69,116	80,171	83,698
Inventory consumed		-	-	-	-	-	-	5,551	5,551	5,551	-	-
Contracted services		17,600	-	-	-	-	-	11,257	11,257	28,857	18,027	18,820
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-
Other expenditure		20,857	-	-	-	-	-	19,379	19,379	40,236	21,814	22,708
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		383,873	-	-	-	-	-	15,974	15,974	399,847	360,664	374,334

The budgeted allocation for employee related costs for the 2021/22 financial year totals R143.6 million, which equals 40 per cent of the total operating expenditure. Based on the three-year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2021/22 financial year.

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 considered in compiling the Municipality's budget.

Bulk purchases are directly 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.

As part of the compilation of the 2021/22 adjustment MTREF, own funded capital expenditure has been adjusted by R2.6 million to provide for purchase of laptops as well as the Mayor and the Speaker's vehicles.

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

1.5.1 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 5 000 or more indigent households during the 2021/22 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 10 2021/22 Medium-term capital budget per vote

NW385 Ramotshere Moiloa - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	1 2022/23	2 2023/24
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive and Council												
Vote 2 - Finance and Administration												
Vote 3 - Internal Audit												
Vote 4 - Community and Social Services												
Vote 5 - Sport and Recreation												
Vote 6 - Public Safety												
Vote 7 - Housing												
Vote 8 - Health												
Vote 9 - Planning and Development												
Vote 10 - Road Transport												
Vote 11 - Environmental Protection												
Vote 12 - Energy Sources												
Vote 13 - Other												
Vote 14 - Waste Water Management												
Vote 15 - Waste Management												
Capital multi-year expenditure sub-total	3											
Single-year expenditure to be adjusted	2											
Vote 1 - Executive and Council												
Vote 2 - Finance and Administration		200						1,300	1,300	1,500	208	218
Vote 3 - Internal Audit												
Vote 4 - Community and Social Services												
Vote 5 - Sport and Recreation												
Vote 6 - Public Safety												
Vote 7 - Housing												
Vote 8 - Health												
Vote 9 - Planning and Development		37,171						(2,095)	(2,095)	35,076	42,104	43,882
Vote 10 - Road Transport								12,924	12,924	12,924		
Vote 11 - Environmental Protection												
Vote 12 - Energy Sources		6,775								6,775	10,000	10,000
Vote 13 - Other												
Vote 14 - Waste Water Management												
Vote 15 - Waste Management												
Capital single-year expenditure sub-total		44,146						12,129	12,129	56,275	52,312	54,100
Total Capital Expenditure - Vote		44,146						12,129	12,129	56,275	52,312	54,100
Capital Expenditure - Functional												
Governance and administration		200						1,300	1,300	1,500	208	218
Executive and council												
Finance and administration		200						1,300	1,300	1,500	208	218
Internal audit												
Community and public safety												
Community and social services												
Sport and recreation												
Public safety												
Housing												
Health												
Economic and environmental services		37,171						10,829	10,829	48,000	42,104	43,882
Planning and development		37,171						(2,095)	(2,095)	35,076	42,104	43,882
Road transport								12,924	12,924	12,924		
Environmental protection												
Trading services		6,775								6,775	10,000	10,000
Energy sources		6,775								6,775	10,000	10,000
Water management												
Waste water management												
Waste management												
Other												
Total Capital Expenditure - Functional	3	44,146						12,129	12,129	56,275	52,312	54,100
Funded by:												
National Government		43,946						(2,095)	(2,095)	41,851	52,104	53,882
Provincial Government												
District Municipality								11,840	11,840	11,840		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)												
Transfers recognised - capital		43,946						9,745	9,745	53,691	52,104	53,882
Borrowing	4											
Internally generated funds		200						2,384	2,384	2,584	208	218
Total Capital Funding		44,146						12,129	12,129	56,275	52,312	54,100

For 2021/22 an amount of R 45.9 million has been appropriated for the development of infrastructure and R200,000 computer equipment. In the outer years this amount totals R 52.1 million, and R 43.8 million, respectively for each of the financial years. The budget development of infrastructure is not adjusted.

The original budget of internally funded capital was adjusted from R200, 000 to R2.5m to cater for the mayor's and speaker's vehicles as well computer equipment.

The other adjustment made for capital expenditure is yellow fleet funded by grant from Ngaka Modiri Molema District Municipality to the value of R11.8 million

Figure 1 Capital Infrastructure Program

	MTREF Budget 2021/22	ADJUSTMENT 2021/22 BUDGET	MTREF Budget 2022/23	MTREF 2023/24 Budget
Road Infrastructure	39,127,000	35,076,000	42,104,000	43,882,000
Electrical	6,775,000	6,775,000	10,000,000	-
Computer equipments	200,000	2,584,077	15,869,801	-
Vehicles	-	11,840,000	-	-
	46,102,000	56,275,077	67,973,801	43,882,000

1.7 Annual Budget Tables - Parent Municipality

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 2021/22 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 11 MBRR Table B1 - Budget Summary

NW385 Ramotshere Moiloa - Table B1 Adjustments Budget Summary -

Description	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget A	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore. Unavoid. 4 D	Nat. or Prov. Govt 5 E	Other Adjusts. 6 F	Total Adjusts. 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget
R thousands											
Financial Performance											
Property rates	54,588	–	–	–	–	–	6,573	6,573	61,161	54,588	54,588
Service charges	99,668	–	–	–	–	–	(19,937)	(19,937)	79,730	106,747	115,226
Investment revenue	195	–	–	–	–	–	(187)	(187)	8	203	212
Transfers recognised - operational	199,630	–	–	–	–	–	11,445	11,445	211,075	209,151	205,954
Other own revenue	47,635	–	–	–	–	–	(30,059)	(30,059)	17,576	49,635	51,819
Total Revenue (excluding capital transfers and contributions)	401,715	–	–	–	–	–	(32,165)	(32,165)	369,550	420,324	427,799
Employee costs	143,692	–	–	–	–	–	15,487	15,487	159,179	147,688	154,187
Remuneration of councillors	14,594	–	–	–	–	–	1,206	1,206	15,800	15,207	15,876
Depreciation & asset impairment	32,114	–	–	–	–	–	9,413	9,413	41,527	32,114	32,114
Finance charges	500	–	–	–	–	–	900	900	1,400	521	544
Inventory consumed and bulk purchases	76,939	–	–	–	–	–	(2,272)	(2,272)	74,667	80,171	83,698
Transfers and grants	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	116,034	–	–	–	–	–	(8,760)	(8,760)	107,274	84,963	87,914
Total Expenditure	383,873	–	–	–	–	–	15,974	15,974	399,847	360,664	374,334
Surplus/(Deficit)	17,842	–	–	–	–	–	(48,139)	(48,139)	(30,297)	59,660	53,466
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	45,902	–	–	–	–	–	–	–	45,902	52,104	53,882
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	63,744	–	–	–	–	–	(48,139)	(48,139)	15,605	111,764	107,348
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	63,744	–	–	–	–	–	(48,139)	(48,139)	15,605	111,764	107,348
Capital expenditure & funds sources											
Capital expenditure	44,146	–	–	–	–	–	12,129	12,129	56,275	52,312	54,100
Transfers recognised - capital	43,946	–	–	–	–	–	9,745	9,745	53,691	52,104	53,882
Borrowing	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	200	–	–	–	–	–	2,384	2,384	2,584	208	218
Total sources of capital funds	44,146	–	–	–	–	–	12,129	12,129	56,275	52,312	54,100
Financial position											
Total current assets	296,095	–	–	–	–	–	(199,290)	(199,290)	96,805	390,675	353,864
Total non current assets	76,260	–	–	–	–	–	8,668	8,668	84,927	84,426	86,213
Total current liabilities	248,478	–	–	–	–	–	(214,351)	(214,351)	34,127	265,197	279,826
Total non current liabilities	–	–	–	–	–	–	–	–	–	–	–
Community wealth/Equity	63,744	–	–	–	–	–	83,861	83,861	147,605	111,764	107,348
Cash flows											
Net cash from (used) operating	621,796	–	–	–	–	–	(524,363)	(524,363)	97,433	334,800	339,071
Net cash from (used) investing	(43,946)	–	–	–	–	–	(12,329)	(12,329)	(56,275)	–	–
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	577,851	–	–	–	–	–	(530,660)	(530,660)	47,191	381,991	721,062
Cash backing/surplus reconciliation											
Cash and investments available	283,386	–	–	–	–	–	(236,196)	(236,196)	47,191	337,979	346,004
Application of cash and investments	241,447	–	–	–	–	–	(265,799)	(265,799)	(24,352)	226,802	274,048
Balance - surplus (shortfall)	41,939	–	–	–	–	–	29,604	29,604	71,543	111,177	71,956
Asset Management											
Asset register summary (WDV)	44,146	–	–	–	–	–	12,129	12,129	56,275	52,312	54,100
Depreciation	32,114	–	–	–	–	–	9,413	9,413	41,527	32,114	32,114
Renewal and Upgrading of Existing Assets	6,775	–	–	–	–	–	–	–	6,775	10,000	10,000
Repairs and Maintenance	3,942	–	–	–	–	–	2,234	2,234	6,176	4,108	4,216
Free services											
Cost of Free Basic Services provided	2,200	–	–	–	–	–	(2,000)	(2,000)	200	2,292	2,393
Revenue cost of free services provided	200	–	–	–	–	–	5,956	5,956	6,156	208	218
Households below minimum service level											
Water:	–	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table B1 - Budget Summary

1. Table B1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms 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:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.

Table 12 MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**NW385 Ramotshere Moiloa - Table B2 Adjustments Budget Financial Performance (functional classification) -**

Standard Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 5	Accum. Funds 6	Multi-year capital 7	Unfore. Unavoid. 8	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Functional												
<i>Governance and administration</i>		173,232	-	-	-	-	-	5,211	5,211	178,443	178,110	183,380
Executive and council		38,452	-	-	-	-	-	-	-	38,452	40,430	42,430
Finance and administration		125,130	-	-	-	-	-	5,211	5,211	130,341	127,478	130,137
Internal audit		9,650	-	-	-	-	-	-	-	9,650	10,202	10,813
<i>Community and public safety</i>		26,935	-	-	-	-	-	(580)	(580)	26,355	22,534	25,075
Community and social services		17,457	-	-	-	-	-	(580)	(580)	16,877	12,895	15,110
Sport and recreation		8,064	-	-	-	-	-	-	-	8,064	8,166	8,427
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		1,414	-	-	-	-	-	-	-	1,414	1,473	1,538
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		126,165	-	-	-	-	-	(14,837)	(14,837)	111,328	138,190	132,492
Planning and development		82,088	-	-	-	-	-	(13,819)	(13,819)	68,269	82,762	86,206
Road transport		44,078	-	-	-	-	-	(1,018)	(1,018)	43,060	55,428	46,286
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		121,285	-	-	-	-	-	(21,959)	(21,959)	99,326	133,594	140,735
Energy sources		91,226	-	-	-	-	-	(18,730)	(18,730)	72,496	102,273	108,035
Water management		10,774	-	-	-	-	-	(2,666)	(2,666)	8,108	11,226	11,720
Waste water management		4,386	-	-	-	-	-	(3,789)	(3,789)	597	4,571	4,772
Waste management		14,898	-	-	-	-	-	3,226	3,226	18,124	15,524	16,207
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	447,617	-	-	-	-	-	(32,165)	(32,165)	415,452	472,428	481,681
Expenditure - Functional												
<i>Governance and administration</i>		185,528	-	-	-	-	-	(1,729)	(1,729)	183,799	157,236	163,372
Executive and council		36,238	-	-	-	-	-	8,641	8,641	44,879	37,448	39,096
Finance and administration		143,712	-	-	-	-	-	(11,285)	(11,285)	132,428	113,977	118,209
Internal audit		5,577	-	-	-	-	-	915	915	6,492	5,811	6,067
<i>Community and public safety</i>		17,335	-	-	-	-	-	(3,748)	(3,748)	13,588	17,781	18,269
Community and social services		10,360	-	-	-	-	-	(4,461)	(4,461)	5,899	10,514	10,681
Sport and recreation		5,561	-	-	-	-	-	581	581	6,142	5,795	6,050
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		1,414	-	-	-	-	-	133	133	1,547	1,473	1,538
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		70,302	-	-	-	-	-	17,061	17,061	87,363	70,369	72,353
Planning and development		12,656	-	-	-	-	-	14,336	14,336	26,992	11,230	11,658
Road transport		57,646	-	-	-	-	-	2,724	2,724	60,371	59,139	60,695
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		114,804	-	-	-	-	-	295	295	115,098	119,546	124,723
Energy sources		86,930	-	-	-	-	-	(6,838)	(6,838)	80,092	90,503	94,403
Water management		7,920	-	-	-	-	-	1,446	1,446	9,366	8,252	8,616
Waste water management		11,261	-	-	-	-	-	3,974	3,974	15,235	11,734	12,250
Waste management		8,693	-	-	-	-	-	1,713	1,713	10,406	9,057	9,454
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	387,968	-	-	-	-	-	11,879	11,879	399,847	364,932	378,716
Surplus/ (Deficit) for the year		59,649	-	-	-	-	-	(44,044)	(44,044)	15,605	107,496	102,965

Explanatory notes to MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table B2 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 the Total Revenue on this table includes capital revenues (Transfers recognised – capital)
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**NW385 Ramotshere Moiloa - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -**

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjus. 8	Total Adjus. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Executive and Council		38,452	-	-	-	-	-	-	-	38,452	40,430	42,430
Vote 2 - Finance and Administration		107,125	-	-	-	-	-	5,211	5,211	112,336	109,322	111,899
Vote 3 - Internal Audit		27,656	-	-	-	-	-	-	-	27,656	28,358	29,051
Vote 4 - Community and Social Services		17,457	-	-	-	-	-	(580)	(580)	16,877	12,895	15,110
Vote 5 - Sport and Recreation		8,064	-	-	-	-	-	-	-	8,064	8,166	8,427
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		1,414	-	-	-	-	-	-	-	1,414	1,473	1,538
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		82,088	-	-	-	-	-	(13,819)	(13,819)	68,269	82,762	86,206
Vote 10 - Road Transport		44,078	-	-	-	-	-	(1,018)	(1,018)	43,060	55,428	46,286
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		91,226	-	-	-	-	-	(18,730)	(18,730)	72,496	102,273	108,035
Vote 13 - Other		10,774	-	-	-	-	-	(2,666)	(2,666)	8,108	11,226	11,720
Vote 14 - Waste Water Management		4,386	-	-	-	-	-	(3,789)	(3,789)	597	4,571	4,772
Vote 15 - Waste Management		14,898	-	-	-	-	-	3,226	3,226	18,124	15,524	16,207
Total Revenue by Vote	2	447,617	-	-	-	-	-	(32,165)	(32,165)	415,452	472,428	481,681
Expenditure by Vote	1											
Vote 1 - Executive and Council		36,238	-	-	-	-	-	8,641	8,641	44,879	37,448	39,096
Vote 2 - Finance and Administration		130,763	-	-	-	-	-	(8,722)	(8,722)	122,041	100,483	104,122
Vote 3 - Internal Audit		18,526	-	-	-	-	-	(1,647)	(1,647)	16,879	19,304	20,154
Vote 4 - Community and Social Services		10,360	-	-	-	-	-	(4,461)	(4,461)	5,899	10,514	10,681
Vote 5 - Sport and Recreation		5,561	-	-	-	-	-	581	581	6,142	5,795	6,050
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		1,414	-	-	-	-	-	133	133	1,547	1,473	1,538
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		12,656	-	-	-	-	-	14,336	14,336	26,992	11,230	11,658
Vote 10 - Road Transport		57,646	-	-	-	-	-	2,724	2,724	60,371	59,139	60,695
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		86,930	-	-	-	-	-	(6,838)	(6,838)	80,092	90,503	94,403
Vote 13 - Other		7,920	-	-	-	-	-	1,446	1,446	9,366	8,252	8,616
Vote 14 - Waste Water Management		11,261	-	-	-	-	-	3,974	3,974	15,235	11,734	12,250
Vote 15 - Waste Management		8,693	-	-	-	-	-	1,713	1,713	10,406	9,057	9,454
Total Expenditure by Vote	2	387,968	-	-	-	-	-	11,879	11,879	399,847	364,932	378,716
Surplus/ (Deficit) for the year	2	59,649	-	-	-	-	-	(44,044)	(44,044)	15,605	107,496	102,965

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

- Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 14 MBRR Table B4 - Budgeted Financial Performance (revenue and expenditure)

NW385 Ramotshere Moiloa - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	54,588	-	-	-	-	-	6,573	6,573	61,161	54,588	54,588
Service charges - electricity revenue	2	75,136	-	-	-	-	-	(18,207)	(18,207)	56,929	81,185	88,540
Service charges - water revenue	2	10,540	-	-	-	-	-	(2,468)	(2,468)	8,072	10,983	11,466
Service charges - sanitation revenue	2	3,155	-	-	-	-	-	(2,595)	(2,595)	560	3,288	3,432
Service charges - refuse revenue	2	10,836	-	-	-	-	-	3,332	3,332	14,169	11,291	11,788
Rental of facilities and equipment		10	-	-	-	-	-	76	76	86	10	11
Interest earned - external investments		195	-	-	-	-	-	(187)	(187)	8	203	212
Interest earned - outstanding debtors		914	-	-	-	-	-	(914)	(914)	-	953	994
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4,580	-	-	-	-	-	(4,069)	(4,069)	511	4,772	4,982
Licences and permits		11,603	-	-	-	-	-	(8,792)	(8,792)	2,811	12,090	12,622
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		199,630	-	-	-	-	-	11,445	11,445	211,075	209,151	205,954
Other revenue	2	30,528	-	-	-	-	-	(16,361)	(16,361)	14,168	31,810	33,210
Gains		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		401,715	-	-	-	-	-	(32,165)	(32,165)	369,550	420,324	427,799
Expenditure By Type												
Employee related costs		143,692	-	-	-	-	-	15,487	15,487	159,179	147,688	154,187
Remuneration of councillors		14,594	-	-	-	-	-	1,206	1,206	15,800	15,207	15,876
Debt impairment		77,576	-	-	-	-	-	(39,396)	(39,396)	38,181	45,122	46,387
Depreciation & asset impairment		32,114	-	-	-	-	-	9,413	9,413	41,527	32,114	32,114
Finance charges		500	-	-	-	-	-	900	900	1,400	521	544
Bulk purchases - electricity		76,939	-	-	-	-	-	(7,823)	(7,823)	69,116	80,171	83,698
Inventory consumed		-	-	-	-	-	-	5,551	5,551	5,551	-	-
Contracted services		17,600	-	-	-	-	-	11,257	11,257	28,857	18,027	18,820
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-
Other expenditure		20,857	-	-	-	-	-	19,379	19,379	40,236	21,814	22,708
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		383,873	-	-	-	-	-	15,974	15,974	399,847	360,664	374,334
Surplus/(Deficit)		17,842	-	-	-	-	-	(48,139)	(48,139)	(30,297)	59,660	53,466
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		45,902	-	-	-	-	-	-	-	45,902	52,104	53,882
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) before taxation		63,744	-	-	-	-	-	(48,139)	(48,139)	15,605	111,764	107,348
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		63,744	-	-	-	-	-	(48,139)	(48,139)	15,605	111,764	107,348
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		63,744	-	-	-	-	-	(48,139)	(48,139)	15,605	111,764	107,348
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		63,744	-	-	-	-	-	(48,139)	(48,139)	15,605	111,764	107,348

References

Table 15 MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

NW385 Ramotshere Moiloa - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget A	Prior Adjusted 5 A1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavoid. 8 D	Nat. or Prov. Govt 9 E	Other Adjusts. 10 F	Total Adjusts. 11 G	Adjusted Budget 12 H	Adjusted Budget	Adjusted Budget
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Administration		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Administration		200	-	-	-	-	-	1,300	1,300	1,500	208	218
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		37,171	-	-	-	-	-	(2,095)	(2,095)	35,076	42,104	43,882
Vote 10 - Road Transport		-	-	-	-	-	-	12,924	12,924	12,924	-	-
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		6,775	-	-	-	-	-	-	-	6,775	10,000	10,000
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		44,146	-	-	-	-	-	12,129	12,129	56,275	52,312	54,100
Total Capital Expenditure - Vote		44,146	-	-	-	-	-	12,129	12,129	56,275	52,312	54,100
Capital Expenditure - Functional												
Governance and administration		200	-	-	-	-	-	1,300	1,300	1,500	208	218
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		200	-	-	-	-	-	1,300	1,300	1,500	208	218
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		37,171	-	-	-	-	-	10,829	10,829	48,000	42,104	43,882
Planning and development		37,171	-	-	-	-	-	(2,095)	(2,095)	35,076	42,104	43,882
Road transport		-	-	-	-	-	-	12,924	12,924	12,924	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		6,775	-	-	-	-	-	-	-	6,775	10,000	10,000
Energy sources		6,775	-	-	-	-	-	-	-	6,775	10,000	10,000
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	44,146	-	-	-	-	-	12,129	12,129	56,275	52,312	54,100
Funded by:												
National Government		43,946	-	-	-	-	-	(2,095)	(2,095)	41,851	52,104	53,882
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	11,840	11,840	11,840	-	-
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	43,946	-	-	-	-	-	9,745	9,745	53,691	52,104	53,882
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		200	-	-	-	-	-	2,384	2,384	2,584	208	218
Total Capital Funding		44,146	-	-	-	-	-	12,129	12,129	56,275	52,312	54,100

Explanatory notes to Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table B5 is a breakdown of the capital programme 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. Single-year capital expenditure has been adjusted to R 56.2 million for the 2021/22 financial year and remains relatively constant over the MTREF at levels of R 52.3 million and R 54.1 million respectively for the two outer years.
4. 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.
5. The capital programme is funded from capital grants and transfers as well as internally generated funds

Table 16 MBRR Table B6 - Budgeted Financial Position

NW385 Ramotshere Moiloa - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
ASSETS												
Current assets												
Cash		283,386	-					(240,005)	(240,005)	43,381	337,979	346,004
Call investment deposits	1	-	-					3,810	3,810	3,810	-	-
Consumer debtors	1	4,426	-	-	-	-	-	55,579	55,579	60,004	44,065	(1,151)
Other debtors		8,283	-					(18,673)	(18,673)	(10,390)	8,631	9,011
Current portion of long-term receivables		-	-					-	-	-	-	-
Inventory		-	-	-	-	-	-	-	-	-	-	-
Total current assets		296,095	-	-	-	-	-	(199,290)	(199,290)	96,805	390,675	353,864
Non current assets												
Long-term receivables		-	-					-	-	-	-	-
Investments		-	-					-	-	-	-	-
Investment property		-	-					-	-	-	-	-
Investment in Associate		-	-					-	-	-	-	-
Property, plant and equipment	1	76,060	-	-	-	-	-	7,368	7,368	83,427	84,218	85,996
Biological		-	-					-	-	-	-	-
Intangible		200	-					1,300	1,300	1,500	208	218
Other non-current assets		-	-					-	-	-	-	-
Total non current assets		76,260	-	-	-	-	-	8,668	8,668	84,927	84,426	86,213
TOTAL ASSETS		372,354	-	-	-	-	-	(190,622)	(190,622)	181,732	475,101	440,078
LIABILITIES												
Current liabilities												
Bank overdraft		-	-					-	-	-	-	-
Borrowing		-	-	-	-	-	-	9	9	9	-	-
Consumer deposits		-	-					-	-	-	-	-
Trade and other payables		248,478	-	-	-	-	-	(214,360)	(214,360)	34,118	265,197	279,826
Provisions		-	-					-	-	-	-	-
Total current liabilities		248,478	-	-	-	-	-	(214,351)	(214,351)	34,127	265,197	279,826
Non current liabilities												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	-	-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		248,478	-	-	-	-	-	(214,351)	(214,351)	34,127	265,197	279,826
NET ASSETS	2	123,876	-	-	-	-	-	23,729	23,729	147,605	209,905	160,251
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		63,744	-	-	-	-	-	83,861	83,861	147,605	111,764	107,348
Reserves		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		63,744	-	-	-	-	-	83,861	83,861	147,605	111,764	107,348

Explanatory notes to Table B6 - Budgeted Financial Position

- Table B6 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).
- 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. This table 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;
 - 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 17 MBRR Table B7 - Budgeted Cash Flow Statement

NW385 Ramotshere Moiloa - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		30,023	-					6,680	6,680	36,703	30,023	30,023
Service charges		56,027	-					60,700	60,700	116,727	96,974	105,023
Other revenue		25,642	-					7,681	7,681	33,323	26,719	27,887
Transfers and Subsidies - Operational	1	199,630	-					(395)	(395)	199,235	209,151	205,954
Transfers and Subsidies - Capital	1	45,902	-					11,840	11,840	57,742	52,104	53,882
Interest		-	-					8	8	8	-	-
Dividends		-	-					-	-	-	-	-
Payments												
Suppliers and employees		264,072	-					(608,977)	(608,977)	(344,905)	(80,171)	(83,698)
Finance charges		500	-					(1,900)	(1,900)	(1,400)	-	-
Transfers and Grants	1	-	-					-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		621,796	-	-	-	-	-	(524,363)	(524,363)	97,433	334,800	339,071
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		(43,946)	-					(12,329)	(12,329)	(56,275)	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(43,946)	-	-	-	-	-	(12,329)	(12,329)	(56,275)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-	-					-	-	-	-	-
Borrowing long term/refinancing		-	-					-	-	-	-	-
Increase (decrease) in consumer deposits		-	-					-	-	-	-	-
Payments												
Repayment of borrowing		-	-					-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		577,851	-	-	-	-	-	(536,693)	(536,693)	41,158	334,800	339,071
Cash/cash equivalents at the year begin:	2	-	-					6,033	6,033	6,033	47,191	381,991
Cash/cash equivalents at the year end:	2	577,851	-	-	-	-	-	(530,660)	(530,660)	47,191	381,991	721,062

Explanatory notes to Table B7 - Budgeted Cash Flow Statement

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

Table 18 MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NW385 Ramotshere Moiloa - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
Cash and investments available												
Cash/cash equivalents at the year end	1	577,851	–	–	–	–	–	(530,660)	(530,660)	47,191	381,991	721,062
Other current investments > 90 days		(294,465)	–	–	–	–	–	294,465	294,465	–	(44,012)	(375,058)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		283,386	–	–	–	–	–	(236,196)	(236,196)	47,191	337,979	346,004
Applications of cash and investments												
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–	–
Statutory requirements		–	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	2	241,447	–	–	–	–	–	(265,799)	(265,799)	(24,352)	226,802	274,048
Other provisions		–	–	–	–	–	–	–	–	–	–	–
Long term investments committed		–	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments		–	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		241,447	–	–	–	–	–	(265,799)	(265,799)	(24,352)	226,802	274,048
Surplus(shortfall)		41,939	–	–	–	–	–	29,604	29,604	71,543	111,177	71,956

Explanatory notes to Table B8 - 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. 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 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".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

NW395 Ramothshere Moiloa - Table B9 Asset Management -													
Description	Ref	Budget Year 2021/22								Budget Year +1 2022/23	Budget Year +2 2023/24		
		Original Budget A	Prior Adjusted B	Accum. Funds C	Multi-year capital D	Unfore. Unavoid. E	Nat. or Prov. Govt F	Other Adjusts. G	Total Adjus. H	Adjusted Budget I	Adjusted Budget		
RUBROUNDS													
CAPITAL EXPENDITURE													
Total New Assets to be adjusted	1	37,371	-	-	-	-	-	-	12,129	12,129	49,500	42,312	44,100
Roads Infrastructure		37,171	-	-	-	-	-	-	(2,095)	(2,095)	35,076	42,104	43,882
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure		37,171	-	-	-	-	-	-	(2,095)	(2,095)	35,076	42,104	43,882
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		-	-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		200	-	-	-	-	-	-	1,300	1,300	1,500	208	218
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	12,924	12,924	12,924	-	-
Land		-	-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	2	-	-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets to be adjusted	3	6,775	-	-	-	-	-	-	-	-	6,775	10,000	10,000
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		6,775	-	-	-	-	-	-	-	-	6,775	10,000	10,000
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure		6,775	-	-	-	-	-	-	-	-	6,775	10,000	10,000
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		-	-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	44,146	-	-	-	-	-	-	12,129	12,129	56,275	52,312	54,100
Roads Infrastructure		37,171	-	-	-	-	-	-	(2,095)	(2,095)	35,076	42,104	43,882
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		6,775	-	-	-	-	-	-	-	-	6,775	10,000	10,000
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure		43,946	-	-	-	-	-	-	(2,095)	(2,095)	41,851	52,104	53,882
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		-	-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		200	-	-	-	-	-	-	1,300	1,300	1,500	208	218
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	12,924	12,924	12,924	-	-
Land		-	-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	4	44,146	-	-	-	-	-	-	12,129	12,129	56,275	52,312	54,100
ASSET REGISTER SUMMARY - PPE (WDV)	5	44,146	-	-	-	-	-	-	12,129	12,129	56,275	52,312	54,100
Roads Infrastructure		35,371	-	-	-	-	-	-	(2,095)	(2,095)	33,276	42,104	43,882
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		8,575	-	-	-	-	-	-	-	-	8,575	10,000	10,000
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure		43,946	-	-	-	-	-	-	(2,095)	(2,095)	41,851	52,104	53,882
Community Assets		-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		200	-	-	-	-	-	-	1,300	1,300	1,500	208	218
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	12,924	12,924			

Explanatory notes to Table B9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
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.

Table 20 MBRR Table B10 - Basic Service Delivery Measurement

NW385 Ramotshere Moiloa - Table B10 Basic service delivery measurement -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling									-	-		
Piped water inside yard (but not in dwelling)									-	-		
Using public tap (at least min.service level)	2								-	-		
Other water supply (at least min.service level)									-	-		
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3								-	-		
Other water supply (< min.service level)	3,4								-	-		
No water supply									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5								-	-		
Sanitation/sewerage:												
Flush toilet (connected to sewerage)									-	-		
Flush toilet (with septic tank)									-	-		
Chemical toilet									-	-		
Pit toilet (ventilated)									-	-		
Other toilet provisions (> min.service level)									-	-		
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Bucket toilet									-	-		
Other toilet provisions (< min.service level)									-	-		
No toilet provisions									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5								-	-		
Energy:												
Electricity (at least min. service level)									-	-		
Electricity - prepaid (> min.service level)									-	-		
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5								-	-		
Refuse:												
Removed at least once a week (min.service)									-	-		
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week									-	-		
Using communal refuse dump									-	-		
Using own refuse dump									-	-		
Other rubbish disposal									-	-		
No rubbish disposal									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5								-	-		
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per indigent household per month)		500	-	-	-	-	-	(500)	(500)	-	521	544
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		1,000	-	-	-	-	-	(1,000)	(1,000)	-	1,042	1,088
Refuse (removed once a week for indigent households)		500	-	-	-	-	-	(500)	(500)	-	521	544
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		200	-	-	-	-	-	-	-	200	208	218
Total cost of FBS provided		2,200	-	-	-	-	-	(2,000)	(2,000)	200	2,292	2,393
Highest level of free service provided												
Property rates (R1000 value threshold)									-	-		
Water (kilolitres per household per month)									-	-		
Sanitation (kilolitres per household per month)									-	-		
Sanitation (Rand per household per month)									-	-		
Electricity (kw per household per month)									-	-		
Refuse (average litres per week)									-	-		
Revenue cost of free services provided (R'000)	17											
Property rates (brief adjustment) (impermissible values per section 17 of MPRA)									-	-		
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	-	-	-	5,956	5,956	5,956	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		200	-	-	-	-	-	-	-	200	208	218
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates									-	-		
Housing - top structure subsidies									-	-		
Other									-	-		
Total revenue cost of subsidised services provided		200	-	-	-	-	-	5,956	5,956	6,156	208	218

Explanatory notes to Table B10 - Basic Service Delivery Measurement

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2020/20 MTREF, based on the approved 2019/20 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/21 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2020/21 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/21 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2018/19 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels

- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 98 and 99 has been taken into consideration in the planning and prioritisation process.

2.1.3 Community Consultation

The draft 2021/22 MTREF as tabled before Council in March 2021 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process in April 2021. The applicable dates and venues will be published in all the local newspapers and on the municipal website. Individual sessions will be scheduled with organised business to further ensure transparency and interaction. Other stakeholders involved in the consultation includes churches, non-governmental institutions and community-based organisations.

2.2 Overview of alignment of annual budget with IDP

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

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at

setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

The following table highlights the IDP's six strategic objectives or key performance areas for the 2021/22 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 21 IDP Strategic Objectives

KPA	KPA Description
KPA 1	TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT
KPA 2	GOOD GOVERNANCE
KPA 3	LOCAL ECONOMIC DEVELOPMENT
KPA 4	FINANCIAL VIABILITY
KPA 5	BASIC SERVICE DELIVERY AND INFRASTRUCTURE
KPA 6	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

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

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

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Ramotshere

Moiloa Local Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

The 2021/22 MTREF has therefore been directly informed by the IDP revision process and the SA 4, 5 and 6 tables below provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

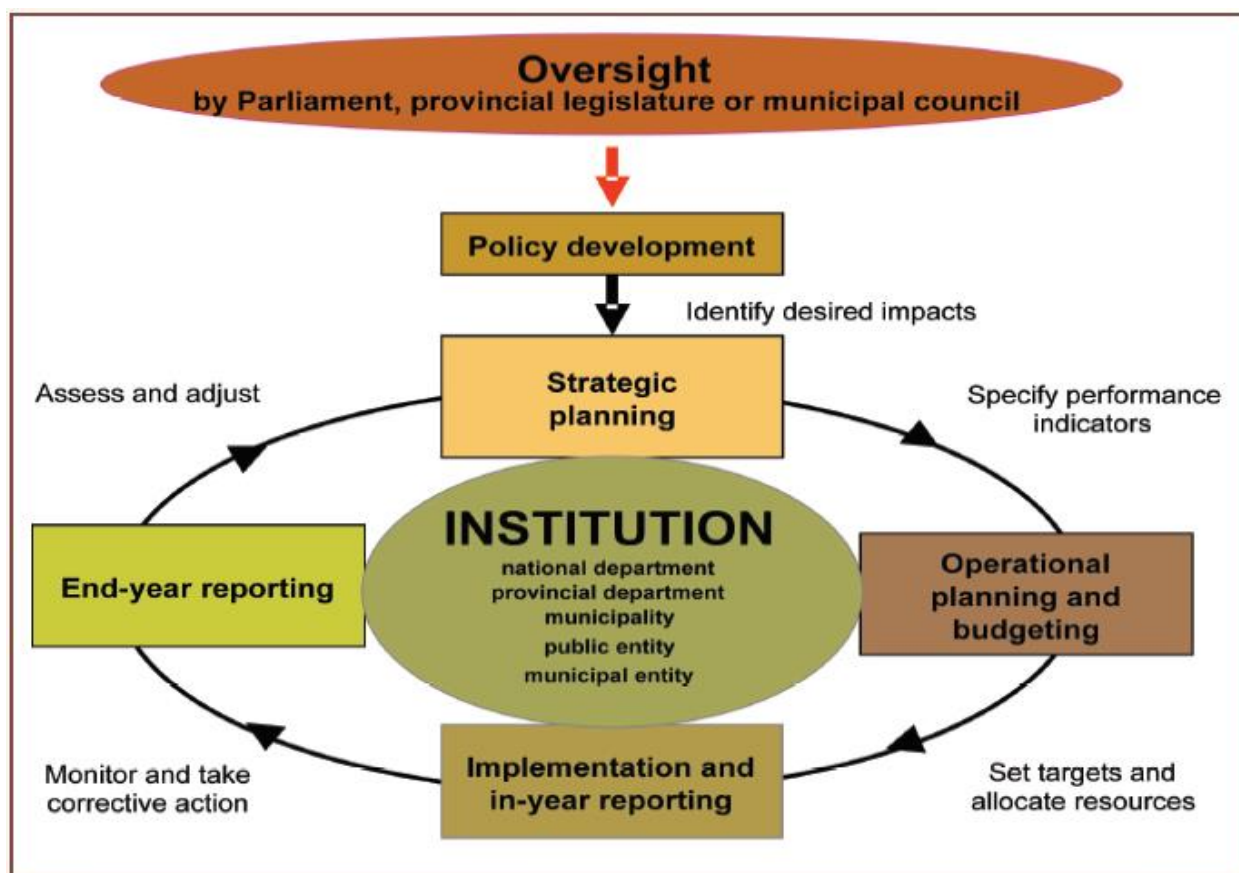


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

SA 7 table below illustrates Ramotshere Moiloa Local Municipality's measurable performance objectives and indicators.

The following table sets out the municipalities main performance objectives and benchmarks for the 2020/21 MTREF.

Table 26 MBRR Table SB4 - Performance indicators and benchmarks

NW385 Ramotshere Moiloa - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks -

Description of financial indicator	Basis of calculation	2018/19	2019/20	2020/21	Budget Year 2021/22			Budget Year +1 2022/23	Budget Year +2 2023/24
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<u>Borrowing Management</u>									
Credit Rating	Short term/long term rating								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure				0.1%	0.0%	0.4%	0.1%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue				0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants				0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>									
Gearing	Long Term Borrowing/ Funds & Reserves				0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>									
Current Ratio	Current assets/current liabilities				119.2%	0.0%	283.7%	147.3%	126.5%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities				119.2%	0.0%	0.0%	0.0%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities				1.1	0.0	1.4	1.3	1.2
<u>Revenue Management</u>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing								
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)									
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue				3.2%	0.0%	13.4%	12.5%	1.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))								
Creditors to Cash and Investments					43.0%	0.0%	72.3%	69.4%	38.8%
<u>Other Indicators</u>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)								
	Total Cost of Losses (Rand '000)								
	% Volume (units purchased and generated less units sold)/units purchased and generated								
Water Distribution Losses (2)	Total Volume Losses (kℓ)								
	Total Cost of Losses (Rand '000)								
	% Volume (units purchased and generated less units sold)/units purchased and generated								
Employee costs	Employee costs/(Total Revenue - capital revenue)				35.8%	0.0%	43.1%	35.1%	36.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)								
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)				1.0%	0.0%	1.7%	1.0%	1.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)				8.1%	0.0%	11.6%	7.8%	7.6%
<u>IDP regulation financial viability indicators</u>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)				38787.9%	0.0%	30417.5%	38824.0%	40786.1%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services				1.1%	0.0%	16.2%	10.5%	-0.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure				0.0	0.0	0.0	0.0	0.0

2.3.1 Performance indicators and benchmarks

2.3.1.1 *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Ramotshere Moiloa Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. Ramotshere Moiloa Local Municipality's creditworthiness does not allow it to borrow funds to fund capital expenditure.:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

2.3.1.2 *Safety of Capital*

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2020/21 MTREF the current ratio is 1.2 in the 2020/21 financial year and 1.6 and 2.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2018/19 financial year the ratio was 0.2 and as part of the financial planning strategy it has been decreased to 0.1 in the 2019/20 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2019/20 financial year 2 080 registered indigents have been provided for in the budget. This is due to the proper capturing of indigents on the municipality's indigent database. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity, 6kℓ sanitation as well as a discount on their property rates.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 Overview of budget related-policies

SUMMARY OF CHANGES TO POLICIES

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (75 per cent) of annual billings. Cash flow is assumed to be 75 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.3 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.4 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. The percentage increase for year 1 (2018/19) was 7%, with CPI + 1.5% and CPI + 1.2% increment for outer years respectfully.

2.5.5 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.6 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2020/21 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 27 Breakdown of the operating revenue over the medium-term

Figure 3 Breakdown of operating revenue over the 2019/20MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;

- Achievement of a 75 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2020/21 MTREF on the different revenue categories are:

Table 28 Proposed tariff increases over the medium-term

DRAFT TARIFF STRUCTURE - PROPERTY RATES										
2019/20 FINANCIAL YEAR										
PROPERTY RATES	CATEGORY OF PROPERTY									
	Residential/ Domestic	Industrial	Business/ Commercial	Agricultural	Mining	properties owned by organ of state used for public service purpose	Public Service Infrastructur e	Property owned by public benefit organisations and used for specific public benefit activities	Property used for multi purpose, subject to section 9	Special Category
Basic Charge - (in the Rand value) All areas	0,01696	0,03392	0,03392	0,00424	0,03392	0,00424	0,00424	-		
Rebates - %								100%		10%
Retired and disabled persons on residential properties	-	-	-	-		-	-			-
month(excluding indigents)	50%	-	-	-		-	-			-
Owner with income between R5001 and R10 000	40%	-	-	-		-	-			-
As contemplated in paragraph 10 (1) and (2) of the Municipal Property Rates Policy										
Exemptions										
Reductions										
Municipal Property Rates Act 2004	R15 000			R15 000						
% Discount - full settlement of rates before 30 September each year	10%	10%	10%	10%		10%				10%
CONSUMER DEPOSITS - (Rand value)	R 2 812	R 14 058	R 33 740	R -		R 33 740	R 33 740	R 11 247		R 5 623

Revenue to be generated from property rates is R 68.9 million in the 2019/20 financial year which represents 17 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections. As the levying of property rates is considered a strategic revenue source, supplementary valuation process will be undertaken in

in the 2020/21 till 2023/24 financial years. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

The tables below provide detail investment information and investment particulars by maturity.

Table 30 – Investment and call-accounts particulars

	ABSA			FNB				
Call Accounts	20-5825-7453	93 0488 7397	93 0779 6777	62689530775	62738773151	62738772418	62738773614	TOTAL
Balance as at 30 June 2021	50,621	63,614	298,063	220,394	1,488	1,879,306	1,519	2,515,006
Balance brought forward - 01 July 2021	50,621	63,614	298,063	220,394	1,488	1,879,306	1,519	2,515,006
Deposits	-	-	-	50,000,000	-	8,974,000	-	58,974,000
Withdrawals	-	-	-	29,974,000	-	526,831	-	30,500,831
Interest receipts capitalised	-	115	563	99,946	4	8,015	4	108,648
Charges	-	-	-	-	-	-	-	-
Balance as at 31 July 2021	50,621	63,729	298,626	20,346,340	1,492	10,334,490	1,523	31,096,822
Balance Brought forward 01st August 2021	50,621	63,729	298,626	20,346,340	1,492	10,334,490	1,523	31,096,822
Deposits	-	-	-	-	-	-	-	-
Withdrawals	-	-	-	12,000,000	-	-	-	12,000,000
Interest receipts capitalised	-	119	583	38,616	4	29,404	4	68,730
Charges	-	-	-	-	-	-	-	-
Balance as at 31st August 2021	50,621	63,848	299,210	8,384,955	1,497	10,363,893	1,528	19,165,552
Balance Brought forward 01st August 2021	50,621	63,848	299,210	8,384,955	1,497	10,363,893	1,528	19,165,552
Deposits	-	-	-	6,700,540	-	-	-	6,700,540
Withdrawals	-	-	-	13,000,000	-	6,700,540	-	19,700,540
Interest receipts capitalised	-	119	584	21,464	4	10,702	4	32,878
Charges	-	-	-	-	-	-	-	-
Balance as at 30 September 2021	50,621	63,967	299,794	2,106,959	1,501	3,674,055	1,532	6,198,430
Balance Brought forward 01st August 2021	50,621	63,967	299,794	2,106,959	1,501	3,674,055	1,532	6,198,430
Deposits	-	-	-	1,800,000	-	-	-	1,800,000
Withdrawals	-	-	-	2,900,000	-	3,400,000	-	6,300,000
Interest receipts capitalised	-	116	567	4,526	4	6,594	4	11,811
Charges	-	-	-	-	-	-	-	-
Balance as at 31 October 2021	50,621	64,083	300,361	1,011,486	1,505	280,649	1,536	1,710,241
Balance Brought forward 01st August 2021	50,621	64,083	300,361	1,011,486	1,505	280,649	1,536	1,710,241
Deposits	-	-	-	-	-	-	200,000	200,000
Withdrawals	-	-	-	700,000	-	200,000	-	900,000
Interest receipts capitalised	-	120	587	1,012	4	431	370	2,523
Charges	-	-	-	-	-	-	-	-
Balance as at 30 November 2021	50,621	64,203	300,948	312,497	1,509	81,079	201,906	1,012,764
Balance Brought forward 01st August 2021	50,621	64,203	300,948	312,497	1,509	81,079	201,906	1,012,764
Deposits	-	-	-	23,000,000	-	-	-	23,000,000
Withdrawals	-	-	-	-	-	-	-	-
Interest receipts capitalised	-	123	631	34,983	5	248	617	36,606
Charges	-	-	-	-	-	-	-	-
Balance as at 30 December 2021	50,621	64,325	301,578	23,347,480	1,514	81,327	202,523	24,049,370

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2021/22 medium-term capital programme:

Table 31 Sources of capital revenue over the MTREF

MIG Projects	35,076,850	35,076,850	35,076,850	35,076,000	33,375,000	35,076,000	42,104,000	43,882,000
INEP	-	-	-	6,775,000	715,000	6,775,000	10,000,000	-
Internal	10,341,860	-	300,000	-	1,417,122	2,584,077	15,869,801	-
District_NMMDM	-	-	-	-	-	11,840,000	-	-
	45,418,710	35,076,850	35,376,850	41,851,000	35,507,122	56,275,077	67,973,801	43,882,000

Figure 8 Sources of capital revenue for the 2021/2022 Adjustment Budget

Capital grants and receipts equates to 99 per cent of the total funding source which represents R56.2 million for the 2021/22 financial year.

As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits.

Table 32 - Detail of borrowings

	DBSA			
ACCOUNT	61,000,571	61,000,135	61,000,026	TOTAL
Balance as at 30 JUNE 2021	1,472,188	629,402		2,101,590
Balance brought down	1,472,188	629,402		
Movements	-	-		
Movements	-	-		
Balance as at 31 JULY 2021	1,472,188	629,402		2,101,590
Balance brought down	1,472,188	629,402		2,101,590
Movements	-	-		
Movements	-	-		
Balance as at 31 AUG 2021	1,472,188	629,402		2,101,590
Balance brought down	1,472,188	629,402		
Movements	(118,924)	-		
Movements	36,906	-		
Balance as at 30 SEPT 2021	1,390,170	629,402		2,019,571
Balance brought down	1,390,170	629,402		
Movements	-	-		
Movements	-	-		
Balance as at 31 OCT 2021	1,390,170	629,402		2,019,571
Balance brought down	1,390,170	629,402		
Movements	-	-		
Movements	-	-		
Balance as at 30 Nov 2021	1,390,170	629,402		2,019,571
Balance brought down	1,390,170	629,402		
Movements	-	37,218		
Movements	-	(85,017)		
Balance as at 31 Dec 2021	1,390,170	581,603		1,971,772

Table 33 - Capital transfers and grant receipts

DESCRIPTION	MTREF 2021/22	Adjustment MTREF 2021/22	MTREF 2022/23	MTREF 2023/24
Financial Management Grant	2,200,000.00	2,200,000.00	2,254,728.10	2,314,470.34
EPWP	1,212,000.00	1,212,000.00	-	-
Equitable Share	195,823,000.00	195,823,000.00	206,851,000.00	203,384,000.00
Municipal Infrastructure Grant	39,127,000.00	39,127,000.00	42,104,000.00	43,882,000.00
NW Department of Sport, Arts and Culture	395,000.00	-	-	-
Ngaka Modiri Molema DM Water Grant	-	11,840,000.00	-	-
Integrated National Electrification Program	6,775,000.00	6,775,000.00	10,000,000.00	10,000,000.00
	245,532,000.00	256,977,000.00	261,209,728.10	259,580,470.34

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for Councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 35 MBRR Table SB-8 - Cash backed reserves/accumulated surplus reconciliation

NW385 Ramotshere Moiloa - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	577,851	-	-	-	-	-	(530,660)	(530,660)	47,191	381,991	721,062
Other current investments > 90 days		(294,465)	-	-	-	-	-	294,465	294,465	-	(44,012)	(375,058)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		283,386	-	-	-	-	-	(236,196)	(236,196)	47,191	337,979	346,004
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	241,447	-	-	-	-	-	(265,799)	(265,799)	(24,352)	226,802	274,048
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		241,447	-	-	-	-	-	(265,799)	(265,799)	(24,352)	226,802	274,048
Surplus(shortfall)		41,939	-	-	-	-	-	29,604	29,604	71,543	111,177	71,956

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and

cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 36 MBRR SB-6 – Funding compliance measurement

NW385 Ramotshere Moiloa - Supporting Table SB6 Adjustments Budget - funding measurement -

WWS65 Ramotshere Mmofa - Supporting Table 3B0 Adjustments Budget - Funding measures						Medium Term Revenue and Expenditure Framework				
Description	Ref	MFMA section	2018/19 Audited Outcome	2019/20 Audited Outcome	2020/21 Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands										
Funding measures										
Cash/cash equivalents at the year end - R'000	1	18(1)b				577,851	–	47,191	381,991	721,062
Cash + investments at the yr end less applications - R'000	2	18(1)b				41,939	–	71,543	111,177	71,956
Cash year end/monthly employee/supplier payments	3	18(1)b				–	–	–	–	–
Surplus/(Deficit) excluding depreciation offsets: R'000	4	18(1)				63,744	–	15,605	111,764	107,348
Service charge rev % change - macro CPIX target exclusive	5	18(1)a,(2)				0.0%	0.0%	0.0%	8.5%	-0.7%
Cash receipts % of Ratepayer & Other revenue	6	18(1)a,(2)	0.0%	0.0%	0.0%	55.3%	0.0%	117.8%	72.9%	73.5%
Debt impairment expense as a % of total billable revenue	7	18(1)a,(2)				50.3%	0.0%	27.1%	28.0%	27.3%
Capital payments % of capital expenditure	8	18(1)c,19				99.5%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	9	18(1)c				0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt legislated/gazetted allocations	10	18(1)a				0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	11	18(1)a							6.2%	-85.1%
Long term receivables % change - incr(decr)	12	18(1)a							0.0%	0.0%
R&M % of Property Plant & Equipment	13	20(1)(vi)				8.9%	0.0%	11.0%	7.9%	7.8%
Asset renewal % of capital budget	14	20(1)(vi)				0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted

amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 74.7, 76.0 and 75.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 75 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3.9, 4.2 and 4.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA

compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Annual budgets and SDBIPs – internal departments

The SDBIP's for the different departments will in terms of section 53(1)(c)(ii) of the MFMA be tabled and approved by the mayor within 28 days after the approval of the annual budget

2.8 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.9 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

2.10 Legislation compliance status

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed eight interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a final stage and will be finalized after approval of the 2021/22 Adjustment MTREF in February 2022 directly aligned and informed by the Adjusted 2021/22 Budget

6. Annual Report

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

7. Policies

All financial related policies are reviewed on an annual basis or whenever the need arises and submitted with the budget for adoption by council.

9. Risk Management

A Risk Committee has been established and is functional

2.11 Municipal manager's quality certificate

I, municipal manager of Ramotshere Moiloa Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Ramotshere Moiloa Local Municipality (NW 385)

Signature _____

Date _____