

ANNUAL BUDGET 2021/22

SETSOTO LOCAL MUNICIPALITY



2021/22 TO 2023/24

MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

Setsoto Local Municipality – Annual Budget & MTREF 2021/22

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Abbreviations and Acronyms

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

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SDBIP Service Delivery Budget Implementation Plan
SMME Small Micro and Medium Enterprises

PART 1: Annual Budget

1.1 Mayor's Report

The Executive Mayors report will be handed out during the Budget meeting.

1.2 Executive Summary

The application of sound financial management principles for the compilation of the Municipality 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.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, accommodation, and catering. Also referring to the Cost containment measures adopted by Council.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 107 and 108 were used to guide the compilation of the 2021/22 MTREF. The mSCOA version 6.5 was also introduced with the circulars and thus the budget tables were compiled and reported in terms of the said circulars.

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

- The on-going difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;

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- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation (Based on the ongoing negotiations between SALGA and Trade unions), as well as the need to fill critical vacancies.

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;
- Intermediate service level standards were used to inform the measurable objectives.
- Tariff and property rate increases should be affordable, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of providing 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;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

1.3 Recommendation

It is recommended that council at its Meeting held on 30th March 2021, consider the tabled budget for the 2021/22 financial year with the following resolutions:

- 1.1. That budget of the municipality is made public immediately after being tabled;
- 1.2. That local community are invited to submit their representations in connection with the budget;
- 1.3. That the budget is submitted to both National and provincial Treasury to also make submissions;

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- 1.4. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are considered;
2. The Council of Setsoto Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) should also consider the following before approving their implementation;
 - 2.1. the tariffs for property rates – as set out in attached tariff list,
 - 2.2. the tariffs for electricity– as set out in attached tariff list,
 - 2.3. the tariffs for the supply of water – as set out in attached tariff list
 - 2.4. the tariffs for sanitation services – as set out in attached tariff list
 - 2.5. the tariffs for solid waste services – as set out in attached tariff list
3. The Council of Setsoto Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves the consultation with local community in terms of paragraph 2 above.

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

1.4 Summary of Operating Revenue and Expenditure

Total operating revenue has grown by 2% or R9.8 million for the 2021/22 financial year when compared to the 2020/21 Adjustment Budget. For the two outer years, operational revenue will increase by 4.5% and 5% for 2022/23 and 2023/24 respectively.

Total operating expenditure for the 2021/22 financial year has grown by 5% or R30.4 million and the total amount appropriated is R634.7 million including depreciation of R120.8 million and which translates into a budgeted deficit of R58.3 million excluding capital transfers.

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FS191 Setsoto - Table A1 Budget Summary										
Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands										
Financial Performance										
Property rates	-	-	-	69,710	67,106	69,710	44,831	70,462	73,633	77,683
Service charges	-	-	-	220,195	221,917	220,195	152,505	241,013	251,859	265,711
Investment revenue	-	-	-	4,825	1,884	4,825	2,981	5,025	5,251	5,540
Transfers recognised - operational	-	-	1,250	210,246	243,949	210,246	155,691	216,708	226,460	238,915
Other own revenue	-	-	31,947	42,895	31,674	42,895	21,889	43,191	45,135	47,617
Total Revenue (excluding capital transfers and contributions)	-	-	33,197	547,871	566,530	547,871	377,897	576,399	602,337	635,466
Employee costs	-	-	(1,963)	211,287	207,761	211,287	139,278	250,302	261,566	275,952
Remuneration of councillors	-	-	13,209	14,154	13,011	14,154	8,678	14,355	15,001	15,826
Depreciation & asset impairment	-	-	137,423	126,156	126,156	126,156	-	120,865	126,304	133,251
Finance charges	-	-	966	7,663	7,178	7,663	2,380	4,000	4,180	4,410
Inventory consumed and bulk purchases	-	-	(165,891)	146,045	85,084	146,045	60,304	132,572	138,538	146,157
Transfers and grants	-	-	-	22,050	41,097	22,050	27,440	4,640	4,849	5,115
Other expenditure	-	-	15,068	127,064	124,046	127,064	30,172	108,010	112,871	119,079
Total Expenditure	-	-	(1,189)	654,419	604,335	654,419	268,252	634,745	663,308	699,790
Surplus/(Deficit)	-	-	34,386	(106,547)	(37,805)	(106,547)	109,645	(58,345)	(60,971)	(64,324)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	169,915	176,673	169,915	107,785	189,617	198,150	209,048
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	-	-	-	63,368	138,868	63,368	217,430	131,272	137,179	144,724
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	63,368	138,868	63,368	217,430	131,272	137,179	144,724
Capital expenditure & funds sources										
Capital expenditure	-	-	57,061	181,915	181,742	181,915	85,539	203,001	212,137	223,804
Transfers recognised - capital	-	-	-	166,715	166,715	166,715	75,526	189,617	198,150	209,048
Borrowing	-	-	-	-	-	-	-	6,350	6,636	7,001
Internally generated funds	-	-	-	15,200	13,494	15,200	9,923	1,765	1,844	1,946
Total sources of capital funds	-	-	-	181,915	180,210	181,915	85,449	197,732	206,630	217,995
Financial position										
Total current assets	-	-	(65,682)	(180,048)	(82,697)	(180,048)	490,856	(109,002)	(113,907)	(120,171)
Total non current assets	-	-	1,155,113	181,915	181,742	181,915	3,184,790	204,601	213,809	225,568
Total current liabilities	-	-	(81,392)	-	-	-	207,365	-	-	-
Total non current liabilities	-	-	(10,235)	-	-	-	83,884	-	-	-
Community wealth/Equity	-	-	(8,940)	63,368	138,868	63,368	3,390,631	131,272	137,179	144,724
Cash flows										
Net cash from (used) operating	-	-	491	2,008,592	2,132,431	2,008,592	2,492,562	709,255	741,172	781,936
Net cash from (used) investing	-	-	(225)	(181,915)	(180,210)	(181,915)	(106,062)	(199,332)	(208,302)	(219,759)
Net cash from (used) financing	-	-	(3,552)	-	-	-	(6,537)	-	-	-
Cash/cash equivalents at the year end	-	-	(188,868)	1,826,677	1,952,221	1,826,677	2,324,563	582,495	1,115,364	1,677,542
Cash backing/surplus reconciliation										
Cash and investments available	-	-	(214,566)	(118,547)	(87,124)	(118,547)	19,430	(13,330)	(13,930)	(14,696)
Application of cash and investments	-	-	(165,858)	-	-	-	(114,833)	38,873	40,623	42,857
Balance - surplus (shortfall)	-	-	(48,709)	(118,547)	(87,124)	(118,547)	134,263	(52,203)	(54,553)	(57,553)
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	137,423	126,156	126,156	126,156	126,156	120,865	126,304	133,251
Renewal and Upgrading of Existing Assets	-	-	-	178,401	160,107	178,401	178,401	194,386	203,134	214,306
Repairs and Maintenance	-	-	-	45,003	24,573	45,003	45,003	25,255	26,391	27,842
Free services										
Cost of Free Basic Services provided	-	-	-	30	30	30	32	32	34	34
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	5	5	5	1	1	1	1	1	1	1
Sanitation/sewerage:	14	14	14	11	11	11	11	11	11	11
Energy:	-	-	-	3	3	3	3	3	3	3
Refuse:	-	-	-	15	15	15	15	15	15	15

1.5 Operating Revenue Framework

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

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

- National Treasury's guidelines and macro-economic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a a) annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- 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);
- The implementation of the new valuation roll;
- 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 Council.

1.6 Summary of Operating Revenue by source

Table 2 – Summary of Operating Revenue by source

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FS191 Setsoto - Table A1 Budget Summary										
Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Financial Performance										
Property rates	-	-	-	69,710	67,106	69,710	44,831	70,462	73,633	77,683
Service charges	-	-	-	220,195	221,917	220,195	152,505	241,013	251,859	265,711
Investment revenue	-	-	-	4,825	1,884	4,825	2,981	5,025	5,251	5,540
Transfers recognised - operational	-	-	1,250	210,246	243,949	210,246	155,691	216,708	226,460	238,915
Other own revenue	-	-	31,947	42,895	31,674	42,895	21,889	43,191	45,135	47,617
Total Revenue (excluding capital transfers and contributions)	-	-	33,197	547,871	566,530	547,871	377,897	576,399	602,337	635,466

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise **54%** of the total revenue mix. In the 2021/22 financial year, revenue from rates and services charges totalled **R311,475 million**. In the above table revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality have been taken into account for both property rates and service charges.

Service charges on electricity will be increased in line with the proposed increase by the National Energy Regulation of South Africa (NERSA) while other service charges were increased with an average of 6%.

1.7 Summary of operating expenditure by standard classification item

Table 8 Summary of operating expenditure by standard classification item

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Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Expenditure By Type											
Employee related costs	2	-	-	(1,963)	211,287	207,761	211,287	139,278	250,302	261,566	275,962
Remuneration of councillors		-	-	13,209	14,154	13,011	14,154	8,678	14,355	15,001	15,826
Debt impairment	3	-	-	3,295	71,253	71,253	71,253	4,689	60,000	62,700	66,149
Depreciation & asset impairment	2	-	-	137,423	126,156	126,156	126,156	-	120,865	126,304	133,251
Finance charges		-	-	966	7,663	7,178	7,663	2,380	4,000	4,180	4,410
Bulk purchases - electricity	2	-	-	(5,774)	84,544	85,084	84,544	52,627	96,900	101,261	106,830
Inventory consumed	8	-	-	(160,117)	61,501	-	61,501	7,678	35,672	37,277	39,327
Contracted services		-	-	1,762	27,496	27,395	27,496	12,253	25,922	27,089	28,579
Transfers and subsidies		-	-	-	22,050	41,097	22,050	27,440	4,640	4,849	5,115
Other expenditure	4, 5	-	-	9,734	28,314	25,398	28,314	13,229	22,088	23,082	24,352
Losses		-	-	277	-	-	-	-	-	-	-
Total Expenditure		-	-	(1,189)	654,419	604,335	654,419	268,252	634,745	663,308	699,790

The budgeted allocation for employee related costs for the 2021/22 financial year totals R250,302 million (excluding Councillor’s remuneration) representing a notable increase of 20% when compared to the adjustment budget for the 2020/21 financial year. Filling of critical positions in terms of the approved organisational structure were considered as well as the annual increment based on the ongoing wage negotiations.

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

Provision of debt impairment for the 2021/22 financial year amounts to **R60 million**. While this expenditure is a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality’s realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality’s Asset Management Policy as well as the GRAP standards. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. The recurring audit finding from the Auditor General in terms of the depreciation was also taken into account when compiling the budget.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) that the municipality has with financial institutions namely DBSA, ABSA and

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Wesbank. However, the municipality has no intention to acquire any new borrowings in the 2021/22 MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom and an increase as determined and approved by NERSA.

Other expenditure decreased with 11% or R3.310 million, however the cost containment measures as outlined in the Circular 82 and adopted by the municipal Council still apply.

1.7.1 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality Indigent Policy. The target is to register 12 000 or more indigent households during the 2021/22 financial year, a process reviewed annually.

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.

1.8 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure for the 2021/22 Medium Term Revenue & Expenditure Framework, using the Division of Revenue Bill of 2021.

Capital Grants	2021/22
	R'000
Municipal Infrastructure Grant (MIG)	49,792
Regional Bulk Infrastructure	110,000
Integrated National Electrification Programme	2,000
Water Services Infrastructure Grant	27,825
Total	189,617

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Vote Description	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand							
Capital Expenditure - Functional							
Governance and administration	–	1,177	–	57	447	468	493
Executive and council	–	761	–	21	32	34	36
Finance and administration	–	416	–	36	415	434	458
Internal audit	–	–	–	–	–	–	–
Community and public safety	2,564	3,317	2,564	2,377	1,980	2,069	2,183
Community and social services	314	1,078	314	529	–	–	–
Sport and recreation	2,250	2,164	2,250	1,843	800	836	882
Public safety	–	75	–	5	1,000	1,045	1,102
Housing	–	–	–	–	180	188	198
Health	–	–	–	–	–	–	–
Economic and environmental services	31,462	8,212	31,462	3,386	135	141	149
Planning and development	–	25	–	–	135	141	149
Road transport	31,462	8,187	31,462	3,386	–	–	–
Environmental protection	–	–	–	–	–	–	–
Trading services	147,889	169,035	147,889	79,719	200,439	209,459	220,979
Energy sources	15,200	27,066	15,200	10,409	11,240	11,746	12,392
Water management	129,800	122,672	129,800	65,244	137,975	144,184	152,114
Waste water management	2,889	19,227	2,889	4,031	49,942	52,189	55,060
Waste management	–	70	–	35	1,282	1,340	1,413
Other	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	181,915	181,742	181,915	85,539	203,001	212,137	223,804

1.9 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 website.

2. Internship programme

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

3. Budget and Treasury Office

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The Budget and Treasury Office has been established in accordance with the MFMA and headed by the Chief Financial Officer.

4. Audit and Risk Committees

An Audit and Risk Committees have been established and are fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2021/22 MTREF in May 2021 which will be aligned and informed by the 2021/22 MTREF.

6. Annual Report

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

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality internal centre and training is ongoing.

8. Policies

All budget related policies will be amended and be tabled in the Municipal Council meeting together with the draft budget.

1.10 Funding credibility on cash flow

The following table illustrate that based on the collection rate of service charges the budget are cash funded.

Table 10 – Summary of Operating Revenue and Expenditure cash flow

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FS191 Setsoto - Table A7 Budgeted Cash Flows

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	69,710	67,106	69,710	36,559	70,462	73,633	77,683
Service charges		-	-	-	140,466	142,168	140,466	68,897	155,678	162,684	171,631
Other revenue		-	-	-	4,062	3,503	4,062	2,285	3,612	3,774	3,982
Transfers and Subsidies - Operational	1	-	-	-	209,909	243,612	209,909	156,369	216,408	226,146	238,584
Transfers and Subsidies - Capital	1	-	-	491	1,775,405	1,839,752	1,775,405	1,270,177	189,617	198,150	209,048
Interest		-	-	-	(5,206)	(5,540)	(5,206)	(134)	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	-	-	(185,754)	(158,171)	(185,754)	967,390	73,478	76,785	81,008
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	(8,979)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	491	2,008,592	2,132,431	2,008,592	2,492,562	709,255	741,172	781,936
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	402	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	(225)	-	-	-	3,498	-	-	-
Payments											
Capital assets		-	-	-	(181,915)	(180,210)	(181,915)	(109,962)	(199,332)	(208,302)	(219,759)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	(225)	(181,915)	(180,210)	(181,915)	(106,062)	(199,332)	(208,302)	(219,759)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	(3,620)	-	-	-	(3,213)	-	-	-
Increase (decrease) in consumer deposits		-	-	68	-	-	-	(3,324)	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	(3,552)	-	-	-	(6,537)	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	(3,286)	1,826,677	1,952,221	1,826,677	2,379,964	509,923	532,870	562,177
Cash/cash equivalents at the year begin:	2	-	-	(185,583)	-	-	-	(55,400)	72,572	582,495	1,115,364
Cash/cash equivalents at the year end:	2	-	-	(188,868)	1,826,677	1,952,221	1,826,677	2,324,563	582,495	1,115,364	1,677,542

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 terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled the budget key timelines before Council meeting outlining the key activities to be undertaken with strict timeliness.

2.3 Overview of budget related policies

The municipal budget related policies will be reviewed as part of community consultation.

2.4 List of Tariffs

The municipal budget was compiled using the attached Tariff list.