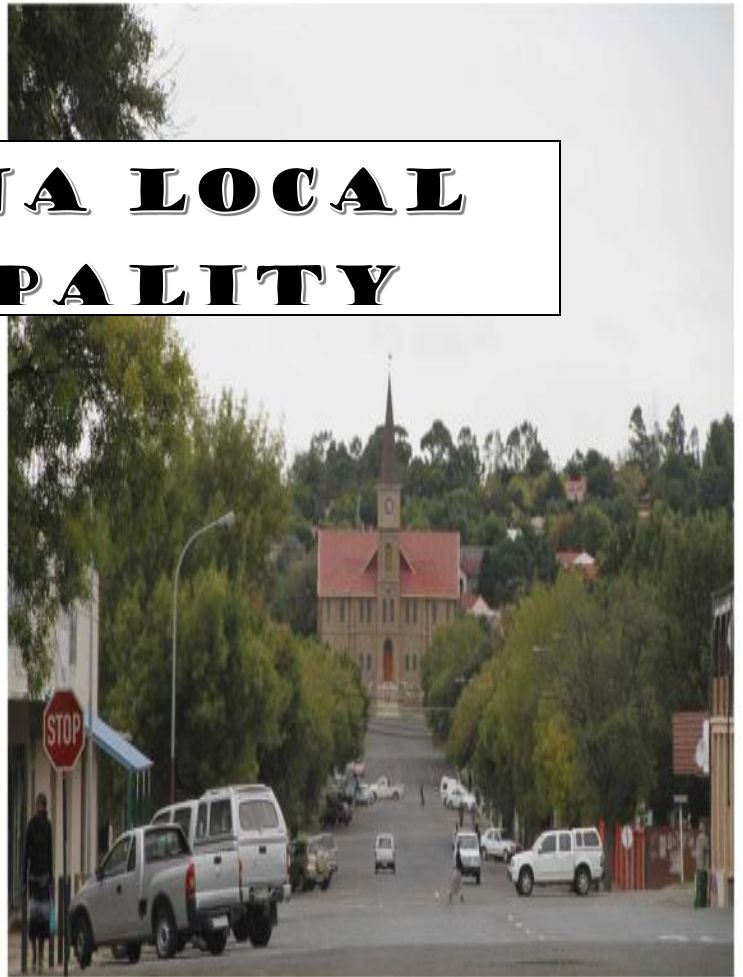




NKETOANA LOCAL MUNICIPALITY



FINAL BUDGET OF

NKETOANA LOCAL MUNICIPALITY

2020/21 TO 2022/23
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- Finance department
- At www.Nketoana.fs.gov.za

Table of Contents**PART 1 – ANNUAL BUDGET**

1.1	BACKGROUND	2
1.2	MAYOR'S REPORT	3
1.3	COUNCIL RESOLUTION	4-7
1.4	EXECUTIVE SUMMARY	8
1.5	LEGISLATION COMPLIANCE STATUS	9
1.5.1	Property Rates	9
1.5.2	Sale of Water and Impact of Tariff Increases	10
1.5.3	Sale of Electricity and Impact of Tariff Increases Eskom bulk tariff increases	11
1.5.4	Sanitation and Impact of Tariff Increases	12
1.5.5	Waste Removal and Impact of Tariff Increases	13
1.5.6	Overall impact of tariff increases on households	13
1.6.1	PROGRAMMES AND PROJECTS FOR 2020/2021	14
1.6.2	ANNUAL BUDGET TABLES	14-23

PART 2 – SUPPORTING DOCUMENTATION

IDP AND BUDGET PROCESS PLAN	24
2.1 Overview of the annual budget process	25
2.1.1 Budget Process Overview	25
2.1.2 IDP and Service Delivery and Budget Implementation Plan	25
2.1.3 Community Consultation	27-29
2.2 Overview of alignment of annual budget with IDP	
2.3 Measurable performance objectives and indicators	
2.4 Overview of budget related-policies	29-31
2.5 Overview of budget assumptions	30
2.6 Overview of budget funding	32

2.7 Annual budgets and service delivery and budget implementation plans	
Internal departments	32
2.8 Contracts having future budgetary implications	
 2.3 MUNICIPAL MANAGER'S QUALITY CERTIFICATION	 33

Abbreviations and Acronyms

AMR	Automated Meter Reading	MFMG	Municipal Financial Management Grant
ASGISA	Accelerated and Shared Growth Initiative	MFMA	Municipal Financial Management Act
BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MM	Municipal Manager
CPI	Consumer Price Index	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	MSIG	Municipal Systems Improvement Grant
EPIP	Environmental Protection and Infrastructure Programme	MTEF	Medium-term Expenditure Framework
EPWP	Expanded Public Works Programme	MTREF	Medium-term Revenue and Expenditure Framework
FBS	Free basic services	NERSA	National Electricity Regulator South Africa
GDP	Gross domestic product	NGO	Non-Governmental organisations
GFS	Government Financial Statistics	NKPIs	National Key Performance Indicators
GRAP	General Recognised Accounting Practice	OP	Operational Plan
HR	Human Resources	PMS	Performance Management System
IDP	Integrated Development Strategy	PPE	Property Plant and Equipment
IT	Information Technology	RBIG	Restructuring Bulk Grant
kℓ	kilolitre	SALGA	South African Local Government Association
Km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
KWh	kilowatt		
ℓ	Litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		

Part 1 – Final Budget

1.1. Background:

According to the Original Budget Process Plan the annual 2020/21 budget has to be tabled to Council 90 days before the start of the new budget year, and it is tabled to Council on 29 May 2020.

After the approval by Council of the tabled 2020/21 budget, the budget will be made public and submitted to National and Provincial Treasury.

Due to COVID 19 pandemic the municipality could not conduct physical budget consultation meetings with its communities as the country was placed on total lockdown. We then decided to use Nketoana community radio station to communicate the municipality plans on service delivery issues as well as the budget allocations for the next coming financial year, as we were preparing to table the final budget to council for approval.

The budget related policies were reviewed and where any adjustments were required, the revised policies are attached to the final item for approval. The budget is divided into a capital and operating budget. The IDP projects are divided into projects of a capital and operating nature.

The 2020/21 municipal tariffs have been reviewed and are attached to this budget item, CPI related increases have been factored for tariffs from the approved 2020/21 tariffs.

All current investments have been committed in terms of the 2019/20 IDP & Budget and the 2020/21 IDP and Budget to such an extent that we are experiencing an operating shortfall in the medium term due to lack of accumulated surplus to fund the current operating losses, therefore the significantly reduced IDP budget.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality.

The Consumer Price Inflation as set out in Circular 99 issued in 9 March 2020 is set out at 4.5% for 2020/2021 and 4.6% for 2021/2022 and 2022/2023 financial years, therefore municipalities are required to **justify all increases in excess of the projected inflation target for 2020/21** in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer group.

1.2. Mayor's Report

It is indeed a great honour and privilege for me to present this Final Budget during this momentous occasion. The Final Budget I am presenting here today was prepared in line with our Integrated Development Plan and in terms of the Municipal Finance Management Act No 53 of 2003. The IDP and MFMA remain the cornerstone of every developmental and people friendly budget, a critical tool for effective governance and proper planning.

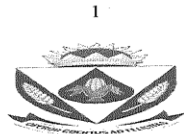
Due to COVID 19 pandemic the municipality could not conduct physical budget consultation meetings with its communities as the country was placed on total lockdown. We then decided to use Nketoana community radio station to communicate the municipality plans on service delivery issues as well as the budget allocations for the next coming financial year, as we were preparing to table the final budget to council for approval.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within Nketoana Municipality. Budgeting is primarily about the choice that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of Nketoana financial plan is essential and critical to ensure that the municipality remains financial viable and that sustainable municipal services are provided economically and equitably to all communities.

1.3. Council Resolution

On the 30th of May 2020 the council of Nketoana Local Municipality held council meeting via zoom media platform and approved the final budget of the municipality for the 2020/2021 financial year. The Council approved and adopted the following resolutions:



NKETOANA LOCAL MUNICIPALITY (FS 193)

Item Number : 294/05 (Special Council Meeting 30/05/ 2020)
 Heading : Approval of Annual Budget 2020/2021 to 2022/2023
 Department : Finance

Purpose:

The purpose of the report is to table the Annual Budget for 2020/2021 for approval by council.

Regulatory Framework

Section 16 of the Municipal Finance Management Act of 2003 states that municipalities must for each financial year approve an annual budget for the municipality before the start of that financial year
 Section 17 of the MFMA further states that

- 1) An annual budget of a municipality must be in a prescribed format
 - a) Setting out the realistically anticipated revenue for the budget year from each revenue source
 - b) Appropriating expenditure for the budget year under the different votes of the municipality
 - c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget
 - d) Setting out
 - i) Estimated revenue and expenditure by vote for the current year ; and
 - ii) Actual revenue and expenditure by vote for the financial year preceding the current year ; and
 - e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed
- 2) Annual budget must generally be divided into a capital and an operating budget in accordance with international best practices, as may be prescribed.
- 3) When an annual budget is tabled in terms of section 16(2) it must be accompanied by the following documents
 - a) Draft resolutions
 - i) Approving the budget of the budget of the municipality
 - ii) Imposing any tax municipal tax and setting any municipal tariffs as maybe
 - iii) Approving any other matter that maybe prescribed
 - b) Measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan.
 - c) A projection of cash flow for the budget year revenue source , broken down per month,
 - d) Any proposed amendments to the municipality's integrated development plan in terms of section 34 of the Municipal Systems Act

- e) Any proposed amendments to the budget –related policies of the municipality
- f) Particulars of the municipality's investments
- g) Any prescribed budget information on municipal entities under the sole or shared control of the municipality
- h) Particulars of new municipal entities which the municipality intends to establish or in which the municipality intend to participate
- i) Particulars of all proposed service delivery agreements including material amendments to existing service delivery agreements
- j) Particulars of any proposed allocations or grants by the municipality to-
 - i) other municipalities
 - ii) any municipal entities and other external mechanism assisting the municipality in the exercise of its functions or powers
 - iii) any other organs of state
 - iv) any organization or bodies referred to in section 67 (1)
- k) The proposed cost to the municipality for the budget year of the salary, allowances and benefits of-
 - i) each political office bearer of the municipality
 - ii) councilors of the municipality; and
 - iii) the municipal manager; chief financial; each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager.
- l) The proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of –
 - i) each member of the entity's board of directors; and
 - ii) the chief executive officer and each senior manager of the entity;
- m) Any other supporting documentation as maybe prescribed

Section 24 of the MFMA further states that:

- 1) the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget
- 2) An annual budget –
 - a. Must be approved before the start of the budget year
 - b. Is approved by the adoption by the council of a resolution referred to in section 17(3) (a) (i) and
 - c. Must be approved together with the adoption of the resolution as may be necessary –
 - i) Imposing any municipal tax for the budget year
 - ii) Setting any municipal tariffs for the budget year
 - iii) Approving measurable performance objectives for the revenue from each source and for each vote in the budget
 - iv) Approving any changes to the municipality's integrated plan ; and
 - v) Approving any changes to the municipality's budget related policies
- 3) The accounting Officer of the municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

Background

The Budget Process Plan was approved by Council in August 2019 in compliance with Sections 27 and 29 of the Municipal Systems Act.

To drive public participation, Nketoana Local Municipality established a number of IDP and Budget structures which allowed it to solicit inputs and comments from the diverse stakeholders.

According to the Budget Process Plan the annual 2020/2021 budget had to be tabled in Council by no later than 31 May 2020. The Draft Annual Budget for the 2020/2021 financial year will therefore be tabled in Council for approval by 31 May 2020. After the approval by Council, the budget & IDP will be made public and submitted to National and Provincial Treasury.

Public participation will be done electronically via social media. All S57 managers participated in the budget process.

The aim was and is still to solicit inputs and the public were invited in the form of public notice to make comments.

- Service delivery Improvement
- Priority be given to new extension to have services
- Consider to buy than to lease assets for municipal utilisation
- High consideration of the utilisation of local suppliers

The annual budget of the municipality was consolidated taking into consideration all the departments' needs. The total revenue budget is R -353 235 540 which includes operational grants. Total operating expenditure is R 403 591 224 including Employee Related Costs, Repairs and Maintenance, Depreciation and Debt impairment. The operational budget is at a deficit of R 50 355 684. This is mainly due to Depreciation and Debt Impairment of R 56 151 048 and R 53 600 004 respectively. The very poor payment of services by the community also impacts negatively on the municipal revenue. The tariffs would also have to be reconfigured to at least allow a breakeven situation. Adequate staff establishment will also assist over reliance on professional services.

Capital Budget for 2020/2021 is R 61 515 996, with the whole capital Budget being fully funded by grants.

Tariffs

After receiving inputs on the budget during the budget consultation we revised our proposed tariff increase to an average of 5% and all services excluding electricity. No tariff increase is made on the property rates tariffs as the new valuation roll will be implemented and the increase in property values are in excess of the targeted 5% increase in other tariffs. It must also be noted that other overheads such as salary increases continue to be at a rate over the CPI which forms the major budget component.

The Electricity tariff will be proposed at 6.24% as guided by NERSA.

The departments received instructions to do a cost analysis on their respective tariffs as in accordance with the related Treasury circular and to affect the changes on the attached tariff list accordingly.

Water and Electricity, the municipality is using the IBT i.e. step tariff, meaning that the more services the consumers consume the more they pay.

Council will during the 2019/2020 year, as a continuation from the 2018/2019 year, review its Organogram in pursuit of realising an effective and efficient cost benefit situation. This will positively impact on the expenditure as it currently seems bloated.

The ANNEXTUREs attached for further detail.


- A1 Schedule of 2020/2021 (Draft Budget)

4

- Draft Capital Budget 2020/2021
- Draft Tariff List 2020/2021
- Circular 98 and 99 of National Treasury
- Budget related Policies for 2020/2021:
 - ✓ Asset Management
 - ✓ Banking and Investment
 - ✓ Budget Policy
 - ✓ Car allowance
 - ✓ Cell Phone allowance
 - ✓ Credit control and debt collection
 - ✓ Donations
 - ✓ Expenditure
 - ✓ Free Basic Waste (FBW)
 - ✓ Indigent Support
 - ✓ Leave Policy
 - ✓ Overtime
 - ✓ Principles and Policy on writing off of irrecoverable debt, unallocated revenue & impairment
 - ✓ Property Rates
 - ✓ Study Grant
 - ✓ Supply Chain Management
 - ✓ Tariff
 - ✓ Travel and Subsistence
 - ✓ Virement
 - ✓ Working hours
 - ✓ Standby Allowance
 - ✓ Acting Allowance

Resolved:

1. That the annual budget 2020/2021 to 2022/2023 was approved by council.
2. That the tariff list for the 2020/2021 financial year as listed was approved by Council.
3. That the workshop be arranged within seven days from the date of this meeting to deal with policies.

Signature: 

K.A. MOKOENA
SPEAKER NKETOANA LOCAL MUNICIPALITY

1.4. **Executive Summary**

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. This include the compilation of Medium –term Revenue and Expenditure Framework.

The municipality's Growth and Development Strategy and Infrastructure Development Plan are its strategic planning instrument which directly guide and inform its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation, which directly informs the Service Delivery and Budget Implementation Plan.

The compilation of the MTREF remains a huge challenge to balance the budget between the limited revenue resources available and the immense need to provide quality service delivery to our community. Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability. Council on the other hand must address the huge demand to improve the standard of service delivery and to do more with less funds available.

The MTREF used the guidelines set by the minister of finance in his Medium-term Budget Policy statement speech as well as the guidelines in terms of Circular 99 dated 9 March 2020 as issued by National Treasury.

The Consumer Price Inflation as set out in Circular 99 issued in 9 March 2020 is set out at 4.5% for 2020/2021 and 4.6% for 2021/2022 and 2022/2023 financial years.

All tariffs were not adjusted in this financial year especially after the country's economy has been affected by the COVID 19 pandemic. The council of Nketoana looked at the possibility of adjusting all tariffs upwards and resolved not to adjust them upwards at this point because of the negative effect the COVID 19 has had to the economy of this country and that our citizens will not be able to afford the increase in tariffs at this point in time. All tariffs include property rates tariffs, service charges and rental of facilities tariffs.

The financial sustainability of the 2020/2021 MTREF is largely dependent on the collection level of billed income. Provision is made for a collection rate of 50.58% on property rates, and service charges. To achieve this collection rate and more the municipality will have to implement more robust credit control measures.

In terms of Council's social commitment to assist the communities in Nketoana provision has been made for a Free Basic Services to registered Indigents in Nketoana Indigent Register. The total amount budgeted for Free Basic Services to our community amounts to R 46,580,000.

1.5 Legislation compliance status

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

- **In year reporting:**
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.
- **Internship programme:**
The municipality is participating in the Municipal Financial Management internship programme and we currently have appointed 7 interns and them still attending the MFMP training/ programme. They rotate on various units of the Financial Services Department.
- **Budget and Treasury Office**
The Budget and Treasury Office has been established in accordance with the MFMA.
- **Audit Committee**
An Audit Committee has been established as is fully functional.
- **Service Delivery and Implementation Plan**
The detail SDBIP document is at a draft stage a final plan will be finalized.
- **Annual Report**
Annual report is compiled in terms of the MFMA and National Treasury requirements and was tabled to Council in January 2020.
- **Policies**
Budget related policies were reviewed and will be tabled to council together with the final budget for approval by council the 29th of May 2020.

1.5.1 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.

Below is the proposed property rates to levy for the 2020/21 financial year excluding vat:

PROPERTY RATES	2019/2020	Increase	2020/2021
Business, commercial, and industries	0.0070434	0.00%	0.0070434
Residential Property	0.0054973	0.00%	0.0054973
Property owned by the state or an organ of state (Including Education)	0.0070434	0.00%	0.0070434
Farming land used for bona fide farming	0.0013743	0.00%	0.0013743
Public service infrastructure	0.0000000	0.00%	0.0000000
Vacant land irrespective of zoning	0.0112020	0.00%	0.0112020
Mining property	0.0054973	0.00%	0.0054973
Religious	0.0000000	0.00%	0.0000000

1.5.2 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.

In addition, National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective from 2014.

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

Proposed Water Tariffs

Metered Water

Residential, Flats, Church and old ages, commercial, government institution

All - Excluding Industries & Departmental	2019/2020	Increase	2020/2021
Service Fee (per month)	197.12	5.00%	206.98
Consumption - 0 to 10kl (per kl)	9.89	5.00%	10.38
Consumption - 11 to 15kl (per kl)	15.83	5.00%	16.62
Consumption - 16 to 20kl (per kl)	21.68	5.00%	22.76
Consumption - 21 to 25kl (per kl)	26.62	5.00%	27.95
Consumption - 26 and more (per kl)	30.43	5.00%	31.95
Free Basic Services Indigents 6kl (per kl)	9.98	5.00%	10.38

Industries			
Service Fee (per month)	255.40	5.00%	268.17
Consumption 0 to 200kl (per kl)	16.57	5.00%	17.40
Consumption 201 and more (per kl)	30.03	5.00%	31.53
Additional Availability charge : Farms/Smallholdings	255.40	5.00%	268.18
Departmental			
Service Fee (per month)	155.78	5.00%	163.56
Consumption (per kl)	13.61	5.00%	14.29

1.5.3 Sale of Electricity and Impact of Tariff Increases

Eskom bulk tariff increases

The National Energy Regulator of South Africa (NERSA) has approved a Multi-Year Price Determination (MYPD) for the period from 1 April 2019 to 31 March 2022, Eskom has submitted an urgent application to the courts to revise the bulk tariffs allowed under the MYPD. Eskom has requested that the court to allow revised tariff increases of between 16.6 and 16.72 per cent in 2020/21 and 2021/22. The application has been made on an urgent basis, and a decision could be handed down as soon as early in February 2020. The municipality applied for a 6.24% average tariff increase.

1.5.4 Sanitation and Impact of Tariff Increases

Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;

Free sanitation (Free basic (residential) -100%) will be applicable to registered indigents; and the total revenue expected to be generated from rendering this service amounts to R23 million for the 2019/20 financial year.

The proposed tariffs for sanitation are as follows:

Waterborne – Residential including churches and old age

Residential (Including churches, old age homes, etc.)	2019/2020	Increase	2020/2021
Per toilet/urinal (per month)	87.79	5.00%	92.18
Minimum (1 or 2 toilets per month)	165.93	5.00%	174.23
Additional Availability charge : Farms/Smallholdings	165.93	5.00%	174.23
Business (Include schools, government institutions, etc.)			
Per toilet/urinal (per month)	184.11	5.00%	193.32
Minimum (per month)	184.11	5.00%	193.32
Additional Availability charge : Farms/Smallholdings	184.11	5.00%	193.32
Industries			
Per toilet/urinal (per month)	215.09	5.00%	225.84
Minimum (per month)	215.09	5.00%	225.84
Additional Availability charge : Farms/Smallholdings	215.09	5.00%	225.84
Departmental			

Per toilet/urinal (per month)	73.32	5.00%	73.32
Minimum (per month)	146.55	5.00%	153.88
SEPTIC TANK			
Residential (Including churches, old age homes, etc.)			
Minimum (per toilet/urinal per month)	165.93	5.00%	174.23
Farms/Smallholdings - The toilet/urinal fee & additional cost (Labour, fuel, etc.) & 20%	Cost & 20%		Cost & 20%
Business (Include schools, government institutions, etc.)			
Minimum (per toilet/urinal per month)	184.11	5.00%	193.32
Farms/Smallholdings - The toilet/urinal fee & additional cost (Labour, fuel, etc.) & 20%	Cost & 20%		Cost & 20%
Industries			
Minimum (per toilet/urinal per month)	215.09	5.00%	225.84
Farms/Smallholdings - The toilet/urinal fee & additional cost (Labour, fuel, etc.) & 20%			
Departmental			
Minimum (per toilet/urinal per month)	165.93	5%	174.23
Sewer Blokage (Within boundry)			
Per blokage			
Per sucktion	990.66	5%	1040.19
Farms/Smallholdings - The cost & additional cost (Labour, fuel, etc.) & 20%	Cost & 20%		Cost & 20%

Septic-tank residential, business & departmental tariff structure changed not billing per suction. Fixed monthly charge suction done on request

1. VIP Toilets and Buckets

For the household using VIP toilets the service will be charged for cleaning of VIP toilets 1 064.31 per suction

2. Availability Charge

The following availability charge shall be payable in respect of vacant stands:

Per residential stand per month 304.55

Per Non-residential stand per month 433.45

3. Charges for work carried out by the municipality:

Re-inspection fee per connection	1 019.07
Sealing opening per connection	1 528.61
Re-opening sealed connection	1 528.61
Alterations to gullies, per gulley	Cost & 20%

Removing blockages on private dwelling 423.93

1.5.5 Waste Removal and Impact of Tariff Increases

The proposed tariffs for waste removal are as follows:

Residential (Including churches, old age homes, etc.)- Minimum	2018/2019	Increase	2019/2020
Per Bin (per month)	197.52	5.00%	207.40
<i>Farms/Smallholdings - Per bin per month (Customer to deliver to within urban boundaries or refuse site). See policy</i>	197.52	N/A	207.40
Business (Office Blocks)			
Per Bin (per month)	261.94	5.00%	275.04
<i>Farms/Smallholdings - Per bin per month (Customer to deliver to within urban boundaries or at refuse site). See policy</i>	261.94	N/A	275.04
Business (Retail) - Per Collection	1 082.27	5.00%	1 136.39
<i>Farms/Smallholdings - Per bin per month (Customer to deliver to within urban boundaries or at refuse site). See policy</i>	1 082.27	N/A	1 136.39
Business (Include schools, government institutions, etc.)			
Per Bin (per month)	1 190.50	5.00%	1 250.02
<i>Farms/Smallholdings - Per bin per month (Customer to deliver to within urban boundaries or at refuse site). See policy</i>	1 190.50	N/A	1 250.02
Industries			
Per Bin (per month)	1 426.54	5.00%	1 497.87
<i>Farms/Smallholdings - Per bin per month (Customer to deliver to within urban boundaries or at refuse site). See policy</i>	1 426.54	N/A	1 497.87
Departmental			
Per Bin (per month)	197.52	5.00%	207.40
Special service (waste)	Cost & 20%		Cost & 20%

1.5.6 Overall impact of tariff increases on households

The overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 5%.

1.6 .1 PROGRAMMES AND PROJECTS FOR 2020/2021

As we move with speed to unlock development and expand services, we have invested substantial amounts towards capital projects which we want to see through even under the challenges we have. The municipality has budgeted R 61 million for capital projects for the 2020/2021 financial year.

Some projects to be undertaken during 2020/2021 includes, amongst others:

- ❖ Ntha: Upgrading of sports facility – R 1 200 000.00
- ❖ Mamafubedu: Refurbishment of sewer pump station – R 4 303 567.78
- ❖ Mamafubedu: Construction of water pressure tower and pipeline – R 18 021 119.39
- ❖ 20.34 KM pipeline from Arlington to Lindley – R15 000 000.00
- ❖ Nketoana bulk water supply – R15 000 000.00

We are indeed committed to work hard to change the status of this municipality.

1.6 .2 Annual Budget tables

Table A1 Final Budget Summary:

a) Operating Revenue and Expenditure Framework

FS193 Nketoana - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	–	19,425	19,819	19,803	17,942	17,942	11,756	16,483	17,308	18,208
Service charges	–	120,236	124,242	124,657	157,825	157,825	(29,764)	205,568	215,846	227,070
Investment revenue	–	832	647	844	294	294	206	261	274	288
Transfers recognised - operational	–	108,835	115,294	111,729	107,953	107,953	98,037	107,289	121,834	121,083
Other own revenue	–	45,560	51,893	49,722	52,480	52,480	42,954	23,635	24,816	26,107
Total Revenue (excluding capital transfers and contributions)	–	294,888	311,894	306,754	336,494	336,494	123,190	353,236	380,078	392,756
Employee costs	–	114,051	121,698	114,454	100,478	100,478	62,518	132,944	140,548	148,278
Remuneration of councillors	–	–	3	6,357	5,149	5,149	2,787	5,923	6,262	6,606
Depreciation & asset impairment	–	565	57,309	41,211	55,809	55,809	–	56,151	58,959	62,024
Finance charges	–	24,118	32,181	12,002	20,014	20,014	21,074	20,012	21,013	22,105
Materials and bulk purchases	–	5,870	59,060	70,220	78,144	78,144	48,469	68,822	72,263	76,021
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	–	202,918	168,742	88,343	110,222	110,222	85,946	119,739	125,735	132,277
Total Expenditure	–	347,522	438,992	332,586	369,817	369,817	220,795	403,591	424,779	447,311
Surplus/(Deficit)	–	(52,633)	(127,098)	(25,831)	(33,323)	(33,323)	(97,605)	(50,356)	(44,701)	(54,555)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	8,163	12,516	92,582	92,636	92,636	25,730	61,516	68,407	16,569
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	–	(44,470)	(114,583)	66,751	59,313	59,313	(71,875)	11,160	23,706	(37,986)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	(44,470)	(114,583)	66,751	59,313	59,313	(71,875)	11,160	23,706	(37,986)
Capital expenditure & funds sources										
Capital expenditure	–	(3,474)	30,824	91,313	91,313	91,313	54,213	60,186	57,136	–
Transfers recognised - capital	–	222	35,349	91,313	91,313	91,313	58,737	60,186	57,136	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–	–
Total sources of capital funds	–	222	35,349	91,313	91,313	91,313	58,737	60,186	57,136	–
Financial position										
Total current assets	(164,782)	(205,456)	(140,603)	4	(6,365)	(6,365)	(146,539)	(49,026)	(33,430)	(37,986)
Total non current assets	1,233,992	1,088,109	1,383,618	91,313	91,313	91,313	976,927	60,186	57,136	–
Total current liabilities	201,630	16,540	373,399	–	–	–	392,957	–	–	–
Total non current liabilities	23,721	83,576	88,097	–	–	–	88,097	–	–	–
Community wealth/Equity	843,859	843,585	765,183	66,751	59,313	59,313	711,118	11,160	23,706	(37,986)
Cash flows										
Net cash from (used) operating	–	32,028	62,988	182,342	190,571	190,571	1,105,911	113,891	131,574	75,490
Net cash from (used) investing	–	(44,514)	(37,829)	(132,524)	(147,122)	(147,122)	(1,186,591)	(116,337)	(116,094)	(62,024)
Net cash from (used) financing	–	(1,546)	160	–	–	–	12,463	–	–	–
Cash/cash equivalents at the year end	1,603	(13,335)	16,036	49,818	43,449	43,449	(87,329)	(2,446)	13,034	26,500
Cash backing/surplus reconciliation										
Cash and investments available	7,115	(4,245)	3,050	49,818	43,449	43,449	–	(2,446)	15,479	13,466
Application of cash and investments	156,578	211,399	229,480	57,469	55,420	55,420	1,760,587	42,709	44,844	47,176
Balance - surplus (shortfall)	(149,463)	(215,644)	(226,430)	(7,651)	(11,971)	(11,971)	(1,760,587)	(45,155)	(29,365)	(33,710)
Asset management										
Asset register summary (WDV)	881,784	1,089,711	1,160,663	91,313	91,313	91,313	91,313	60,186	57,136	–
Depreciation	–	16	57,160	41,211	55,809	55,809	55,809	56,151	58,959	62,024
Renewal and Upgrading of Existing Assets	–	774	18,986	24,732	24,732	24,732	24,732	35,746	37,445	–
Repairs and Maintenance	–	(10,326)	(22,861)	510	1,090	1,090	1,090	480	504	530
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sew erage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Total operating revenue has increased by R 21 147 867 for the 2020/2021 financial year when compared to the 2019/2020 adjusted budget. For the two outer years, operational revenue is increasing by R 26 842 740 and last outer years by R 39 520 404 when compared to the 2020/2021 original budget.

Total operating expenditure has decreased by R 20,758,130.00 for the 2020/2021 financial year when compared to the 2019/2020 adjusted budget. For the two outer years operational expenditure has increased by R 41,945,822.00 and R 64,478,330.00 when compared to the 2020/2021 original budget.

Total capital expenditure has decreased by R 42,120,004 for the 2020/2021 financial year when compared to the 2019/2020 adjusted budget. For the two outer years it will decreased by R 35 229 436 and R 87 067 000 when compared to the 2020/2021 original budget.

FS193 Nketoana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Governance and administration		–	173,093	185,936	110,051	108,416	108,416	124,771	133,196	148,188
Executive and council		–	–	–	15,350	11,450	11,450	17,900	19,700	20,724
Finance and administration		–	173,093	185,936	94,701	96,966	96,966	106,871	113,496	127,463
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	585	732	23,238	22,641	22,641	11,851	13,569	12,919
Community and social services		–	–	–	2,186	2,186	2,186	2,300	2,600	2,735
Sport and recreation		–	548	607	18,461	18,072	18,072	6,963	7,996	7,056
Public safety		–	36	125	205	344	344	386	661	696
Housing		–	–	–	2,386	2,039	2,039	2,202	2,312	2,433
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	7	–	24,268	24,343	24,343	11,605	17,674	10,631
Planning and development		–	–	–	1,500	1,500	1,500	1,600	1,680	1,767
Road transport		–	7	–	22,768	22,843	22,843	10,005	15,994	8,864
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	148,537	159,435	266,286	299,365	299,365	266,525	284,046	237,587
Energy sources		–	50,139	52,878	55,079	89,652	89,652	67,545	70,947	69,182
Water management		–	49,421	60,954	143,347	139,466	139,466	124,841	128,896	100,926
Waste water management		–	28,800	22,856	31,788	34,346	34,346	38,820	41,221	37,412
Waste management		–	20,176	22,748	36,072	35,901	35,901	35,319	42,982	30,066
Other	4	–	–	–	60	–	–	–	–	–
Total Revenue - Functional	2	–	322,222	346,104	423,903	454,765	454,765	414,752	448,485	409,325
Expenditure - Functional										
Governance and administration		–	136,453	(38,070)	78,624	81,943	81,943	91,708	96,608	101,771
Executive and council		–	31,393	24,300	24,322	27,448	27,448	32,893	34,650	36,501
Finance and administration		–	105,060	(62,370)	54,302	54,495	54,495	58,814	61,959	65,270
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	32,378	34,808	31,626	34,504	34,504	44,207	46,685	49,231
Community and social services		–	3,303	5,458	2,031	3,585	3,585	4,096	4,323	4,557
Sport and recreation		–	20,043	19,306	9,479	22,213	22,213	29,098	30,728	32,404
Public safety		–	6,414	6,978	18,174	5,956	5,956	7,554	7,978	8,413
Housing		–	2,619	3,066	1,941	2,750	2,750	3,459	3,656	3,857
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	14,747	43,879	36,642	41,440	41,440	43,580	45,845	48,267
Planning and development		–	1,320	2,224	1,788	1,010	1,010	1,249	1,321	1,393
Road transport		–	13,427	41,655	34,854	40,430	40,430	42,331	44,524	46,874
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	162,891	399,113	185,694	211,929	211,929	224,097	235,641	248,043
Energy sources		–	77,789	100,702	84,965	98,586	98,586	101,644	106,781	112,359
Water management		–	41,898	142,778	52,303	64,649	64,649	68,696	72,261	76,076
Waste water management		–	17,812	74,509	23,682	28,577	28,577	30,882	32,505	34,230
Waste management		–	25,392	81,124	24,744	20,116	20,116	22,875	24,093	25,378
Other	4	–	1,150	757	–	–	–	–	–	–
Total Expenditure - Functional	3	–	347,619	440,487	332,586	369,817	369,817	403,591	424,779	447,311
Surplus/(Deficit) for the year		–	(25,397)	(94,383)	91,317	84,948	84,948	11,160	23,706	(37,986)

FS193 Nketoana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Vote 1 : Executive and Council		–	28,800	22,856	120,930	126,190	126,190	140,445	149,339	159,218
Vote 2 - Vote 2 : Finance and Administration		–	56,579	66,350	113,833	145,403	145,403	114,299	135,851	101,844
Vote 3 - Vote 3 : Community Services		–	64,430	71,456	184,302	178,603	178,603	155,120	157,722	142,400
Vote 4 - Vote 4 : Waste Management		–	–	–	2,186	2,186	2,186	2,300	2,600	2,735
Vote 5 - Vote 5 : Local Economic Development		–	–	–	2,386	2,039	2,039	2,202	2,312	2,433
Vote 6 - Vote 6 : Roads Transport		–	–	–	60	–	–	–	–	–
Vote 7 - Vote 7 : Water		–	–	59	205	344	344	386	661	696
Vote 8 - Vote 8 : Electricity		–	–	–	–	–	–	–	–	–
Vote 9 - Vote 9 : Waste Water		–	–	–	–	–	–	–	–	–
Vote 10 - Vote 10 : Housing		–	–	–	–	–	–	–	–	–
Vote 11 - Null		–	–	–	–	–	–	–	–	–
Vote 12 - Null		–	–	–	–	–	–	–	–	–
Vote 13 - Null		–	–	–	–	–	–	–	–	–
Vote 14 - Null		–	–	–	–	–	–	–	–	–
Vote 15 - Null		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	–	149,809	160,721	423,903	454,765	454,765	414,752	448,485	409,325
Expenditure by Vote to be appropriated	1									
Vote 1 - Vote 1 : Executive and Council		–	35,833	86,826	69,939	74,163	74,163	79,963	84,243	88,747
Vote 2 - Vote 2 : Finance and Administration		–	126,118	180,679	147,712	182,403	182,403	197,788	208,029	219,002
Vote 3 - Vote 3 : Community Services		–	87,283	238,171	92,789	100,960	100,960	110,731	116,550	122,735
Vote 4 - Vote 4 : Waste Management		–	3,303	5,458	2,031	3,585	3,585	4,096	4,323	4,557
Vote 5 - Vote 5 : Local Economic Development		–	2,620	3,066	1,941	2,750	2,750	3,459	3,656	3,857
Vote 6 - Vote 6 : Roads Transport		–	1,150	757	–	–	–	–	–	–
Vote 7 - Vote 7 : Water		–	–	–	18,174	5,956	5,956	7,554	7,978	8,413
Vote 8 - Vote 8 : Electricity		–	–	–	–	–	–	–	–	–
Vote 9 - Vote 9 : Waste Water		–	–	–	–	–	–	–	–	–
Vote 10 - Vote 10 : Housing		–	–	–	–	–	–	–	–	–
Vote 11 - Null		–	–	–	–	–	–	–	–	–
Vote 12 - Null		–	–	–	–	–	–	–	–	–
Vote 13 - Null		–	–	–	–	–	–	–	–	–
Vote 14 - Null		–	–	–	–	–	–	–	–	–
Vote 15 - Null		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	–	256,306	514,956	332,586	369,817	369,817	403,591	424,779	447,311
Surplus/(Deficit) for the year	2	–	(106,497)	(354,236)	91,317	84,948	84,948	11,160	23,706	(37,986)

Operating Revenue Framework

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

- ❖ National Treasury's guidelines and macroeconomic policy;
- ❖ Efficient revenue management, which aims to ensure a annual collection rate for property rates and other key service charges;
- ❖ The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004;
- ❖ The municipality's indigent policy and rendering of free basic services; and
- ❖ Tariff policies of the municipality.

FS193 Nketoana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Revenue By Source											
Property rates	2	–	19,425	19,819	19,803	17,942	17,942	11,756	16,483	17,308	18,208
Service charges - electricity revenue	2	–	50,154	51,464	51,803	86,659	86,659	35,572	61,915	65,010	68,391
Service charges - water revenue	2	–	49,444	49,923	49,411	45,171	45,171	(43,133)	75,606	79,387	83,515
Service charges - sanitation revenue	2	–	20,638	22,855	23,443	25,996	25,996	(3,904)	33,860	35,553	37,402
Service charges - refuse revenue	2	–	–	–	–	–	–	(18,298)	34,187	35,896	37,763
Rental of facilities and equipment		–	499	485	965	552	552	374	504	529	557
Interest earned - external investments		–	832	647	844	294	294	206	261	274	288
Interest earned - outstanding debtors		–	40,358	45,384	44,540	49,761	49,761	41,109	67,000	70,350	74,008
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	36	686	205	348	348	104	154	161	170
Licences and permits		–	7	–	–	21	21	16	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		–	108,835	115,294	111,729	107,953	107,953	98,037	107,289	121,834	121,083
Other revenue	2	–	(409)	2,061	4,013	1,798	1,798	1,350	(44,023)	(46,224)	(48,628)
Gains		–	5,068	3,277	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	294,888	311,894	306,754	336,494	336,494	123,190	353,236	380,078	392,756
Expenditure By Type											
Employee related costs	2	–	114,051	121,698	114,454	100,478	100,478	62,518	132,944	140,548	148,278
Remuneration of councillors		–	–	3	6,357	5,149	5,149	2,787	5,923	6,262	6,606
Debt impairment	3	–	100,079	109,317	41,688	52,570	52,570	38,042	53,600	56,280	59,207
Depreciation & asset impairment	2	–	565	57,309	41,211	55,809	55,809	–	56,151	58,959	62,024
Finance charges		–	24,118	32,181	12,002	20,014	20,014	21,074	20,012	21,013	22,105
Bulk purchases	2	–	303	51,432	58,912	58,412	58,412	38,913	59,000	61,950	65,171
Other materials	8	–	5,567	7,627	11,307	19,732	19,732	9,555	9,822	10,313	10,849
Contracted services		–	24,593	23,456	14,078	18,503	18,503	13,367	18,751	19,689	20,713
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	–	78,246	35,969	32,577	39,150	39,150	34,536	47,388	49,766	52,357
Losses		–	–	–	–	–	–	–	–	–	–
Total Expenditure		–	347,522	438,992	332,586	369,817	369,817	220,795	403,591	424,779	447,311
Surplus/(Deficit)		–	(52,633)	(127,098)	(25,831)	(33,323)	(33,323)	(97,605)	(50,356)	(44,701)	(54,555)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	8,163	12,516	92,582	92,636	92,636	25,730	61,516	68,407	16,569
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		–	(44,470)	(114,583)	66,751	59,313	59,313	(71,875)	11,160	23,706	(37,986)
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		–	(44,470)	(114,583)	66,751	59,313	59,313	(71,875)	11,160	23,706	(37,986)
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		–	(44,470)	(114,583)	66,751	59,313	59,313	(71,875)	11,160	23,706	(37,986)
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		–	(44,470)	(114,583)	66,751	59,313	59,313	(71,875)	11,160	23,706	(37,986)

The following table is a summary of the 2020/2021 MTREF (classified by main revenue source)

Revenue generated from property rates contributes 50.58% including service charges (in 2020/2010) of the total revenue basket for the municipality.

Revenue generated from rental income and interest from outstanding debtors contributes less of the total revenue basket.

Operating grants and transfers total R 107 288 988 of the total revenue budget in the 2020/2021 financial year.

The budget allocation for employee related costs and remuneration of Councillors and other expenditure for the 2020/2021 financial year totals.

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Vote 1 : Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 : Finance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3 : Community Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Vote 4 : Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5 : Local Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 : Roads Transport		-	-	-	-	-	-	-	-	-	-
Vote 7 - Vote 7 : Water		-	-	-	-	-	-	-	-	-	-
Vote 8 - Vote 8 : Electricity		-	-	-	-	-	-	-	-	-	-
Vote 9 - Vote 9 : Waste Water		-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10 : Housing		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Vote 1 : Executive and Council		-	-	6,467	1,575	1,575	1,575	7,471	4,950	5,658	-
Vote 2 - Vote 2 : Finance and Administration		-	465	17,258	32,965	32,965	32,965	29,438	25,089	20,580	-
Vote 3 - Vote 3 : Community Services		-	(3,834)	6,529	56,774	56,774	56,774	17,304	30,147	30,897	-
Vote 4 - Vote 4 : Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5 : Local Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 : Roads Transport		-	-	-	-	-	-	-	-	-	-
Vote 7 - Vote 7 : Water		-	-	-	-	-	-	-	-	-	-
Vote 8 - Vote 8 : Electricity		-	-	-	-	-	-	-	-	-	-
Vote 9 - Vote 9 : Waste Water		-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10 : Housing		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	(3,369)	30,253	91,313	91,313	91,313	54,213	60,186	57,136	-
Total Capital Expenditure - Vote		-	(3,369)	30,253	91,313	91,313	91,313	54,213	60,186	57,136	-
Capital Expenditure - Functional											
Governance and administration		-	(105)	571	-	-	-	571	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	(105)	571	-	-	-	571	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	465	1,213	13,421	13,421	13,421	7,409	1,200	1,289	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	465	1,213	13,421	13,421	13,421	7,409	1,200	1,289	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	11,591	13,999	13,999	13,999	15,797	650	6,149	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	11,591	13,999	13,999	13,999	15,797	650	6,149	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	(3,834)	17,449	63,893	63,893	63,893	30,436	58,336	49,698	-
Energy sources		-	-	4,453	172	172	172	4,453	4,914	5,184	-
Water management		-	-	12,714	62,145	62,145	62,145	25,269	48,472	32,958	-
Waste water management		-	-	6,467	1,575	1,575	1,575	6,900	4,950	5,658	-
Waste management		-	(3,834)	(6,185)	-	-	-	(6,185)	-	5,897	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	(3,474)	30,824	91,313	91,313	91,313	54,213	60,186	57,136	-
Funded by:											
National Government		-	222	35,349	91,313	91,313	91,313	58,737	60,186	57,136	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	222	35,349	91,313	91,313	91,313	58,737	60,186	57,136	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	-	222	35,349	91,313	91,313	91,313	58,737	60,186	57,136	-

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over a medium term. The capital budget is directly informed by the needs submitted by the community through the IDP process. The ability of the Municipality to deliver services depends greatly on its funding sources, own resources. For the 2020/21 financial year, the budgeted service delivery is summarised as follows on the table above.

FS193 Nketoana - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Current assets											
Cash		1,306	(11,008)	1,174	49,818	43,449	43,449	–	(2,446)	15,479	13,466
Call investment deposits	1	308	5,422	340	–	–	–	–	–	–	–
Consumer debtors	1	(197,521)	(207,437)	(204,067)	(49,814)	(49,814)	(49,814)	(146,539)	(46,580)	(48,909)	(51,452)
Other debtors		30,518	7,567	61,304	–	–	–	–	–	–	–
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	608	–	645	–	–	–	–	–	–	–
Total current assets		(164,782)	(205,456)	(140,603)	4	(6,365)	(6,365)	(146,539)	(49,026)	(33,430)	(37,986)
Non current assets											
Long-term receivables		207,853	–	224,361	–	–	–	–	–	–	–
Investments		5,502	1,341	1,536	–	–	–	–	–	–	–
Investment property		13,878	107,454	204,165	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	1,006,139	978,679	952,883	91,313	91,313	91,313	976,927	60,186	57,136	–
Biological		25	73	126	–	–	–	–	–	–	–
Intangible		66	33	17	–	–	–	–	–	–	–
Other non-current assets		530	530	530	–	–	–	–	–	–	–
Total non current assets		1,233,992	1,088,109	1,383,618	91,313	91,313	91,313	976,927	60,186	57,136	–
TOTAL ASSETS		1,069,210	882,653	1,243,015	91,317	84,948	84,948	830,388	11,160	23,706	(37,986)
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	1,531	–	4,421	–	–	–	4,421	–	–	–
Consumer deposits		1,390	–	1,719	–	–	–	–	–	–	–
Trade and other payables	4	187,434	3,846	349,959	–	–	–	388,536	–	–	–
Provisions		11,275	12,694	17,300	–	–	–	–	–	–	–
Total current liabilities		201,630	16,540	373,399	–	–	–	392,957	–	–	–
Non current liabilities											
Borrowing		8,274	5,356	6,223	–	–	–	6,223	–	–	–
Provisions		15,447	78,220	81,874	–	–	–	81,874	–	–	–
Total non current liabilities		23,721	83,576	88,097	–	–	–	88,097	–	–	–
TOTAL LIABILITIES		225,351	100,116	461,496	–	–	–	481,054	–	–	–
NET ASSETS	5	843,859	782,537	781,519	91,317	84,948	84,948	349,334	11,160	23,706	(37,986)
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		(620,060)	(611,468)	(686,119)	66,751	59,313	59,313	(740,184)	11,160	23,706	(37,986)
Reserves	4	1,463,920	1,455,053	1,451,302	–	–	–	1,451,302	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	843,859	843,585	765,183	66,751	59,313	59,313	711,118	11,160	23,706	(37,986)

- The table below provides standards of good financial management practice, and improves councillors and managements understanding of the impact of the budget on the statement of financial position.

FS193 Nketoana - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	21,778	25,084	20,312	18,452	18,452	31,353	16,483	17,308	18,208
Service charges		–	165,987	171,085	198,527	232,764	232,764	272,974	251,568	264,146	277,882
Other revenue		–	(686)	14,789	5,183	2,719	2,719	(60,144)	(42,785)	(44,925)	(47,261)
Transfers and Subsidies - Operational	1	–	108,835	115,294	111,729	107,953	107,953	98,037	107,289	121,834	121,083
Transfers and Subsidies - Capital	1	–	8,163	12,516	92,582	92,636	92,636	25,730	61,516	68,407	16,569
Interest		–	8,183	584	45,383	50,054	50,054	55	67,261	70,624	74,296
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		–	(259,833)	(243,323)	(279,373)	(293,994)	(293,994)	766,006	(327,428)	(344,808)	(363,182)
Finance charges		–	(24,118)	(32,181)	(12,002)	(20,014)	(20,014)	(21,074)	(20,012)	(21,013)	(22,105)
Transfers and Grants		–	3,720	(861)	–	–	–	(7,026)	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	32,028	62,988	182,342	190,571	190,571	1,105,911	113,891	131,574	75,490
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	5,068	3,277	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	(88,996)	(3,420)	–	–	–	(205,741)	–	–	–
Payments											
Capital assets		–	39,414	(37,687)	(132,524)	(147,122)	(147,122)	(980,850)	(116,337)	(116,094)	(62,024)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(44,514)	(37,829)	(132,524)	(147,122)	(147,122)	(1,186,591)	(116,337)	(116,094)	(62,024)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	340	–	–	–	4,421	–	–	–
Borrowing long term/refinancing		–	(1,546)	(350)	–	–	–	6,223	–	–	–
Increase (decrease) in consumer deposits		–	–	170	–	–	–	1,819	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(1,546)	160	–	–	–	12,463	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		–	(14,033)	25,318	49,818	43,449	43,449	(68,217)	(2,446)	15,479	13,466
Cash/cash equivalents at the year begin:	2	1,603	697	(9,282)	–	–	–	(19,112)	–	(2,446)	13,034
Cash/cash equivalents at the year end:	2	1,603	(13,335)	16,036	49,818	43,449	43,449	(87,329)	(2,446)	13,034	26,500

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

FS193 Nketoana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	1,603	(13,335)	16,036	49,818	43,449	43,449	(87,329)	(2,446)	13,034	26,500
Other current investments > 90 days		10	7,749	(14,522)	–	–	–	87,329	–	2,446	(13,034)
Non current assets - Investments	1	5,502	1,341	1,536	–	–	–	–	–	–	–
Cash and investments available:		7,115	(4,245)	3,050	49,818	43,449	43,449	–	(2,446)	15,479	13,466
Application of cash and investments											
Unspent conditional transfers		92	3,846	2,860	–	–	–	(8,282)	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	156,486	207,553	226,620	57,469	55,420	55,420	1,768,869	42,709	44,844	47,176
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		156,578	211,399	229,480	57,469	55,420	55,420	1,760,587	42,709	44,844	47,176
Surplus(shortfall)		(149,463)	(215,644)	(226,430)	(7,651)	(11,971)	(11,971)	(1,760,587)	(45,155)	(29,365)	(33,710)

Cash-backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42- Funding a Municipal Budget.

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 that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded"

FS 193 Nketoana - Table A9 Asset Management

FS 193 Nketoana - Table A9 Asset Management		Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Description		Audited Outcomes	Audited Outcomes	Audited Outcomes	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CAPITAL EXPENDITURE											
Total New Assets											
1	Roads Infrastructure			(4,248)	11,838	66,581	66,581	66,581	24,439	19,690	
	Storm water Infrastructure				1,125					6,149	
	Electrical Infrastructure				4,453	172	172	172	4,914	5,184	
	Water Supply Infrastructure				12,333	52,987	52,987	52,987	18,325	7,958	
	Sanitation Infrastructure										
	Solid Waste Infrastructure			(3,834)	(7,084)						
	Rail Infrastructure										
	Coastal Infrastructure										
	Information and Communication Infrastructure										
	Infrastructure			(3,834)	10,827	53,160	53,160	53,160	23,239	19,292	
	Community Facilities				748	13,421	13,421	13,421	1,200	399	
	Sport and Recreation Facilities				748	13,421	13,421	13,421	1,200	399	
	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			(344)	(344)						
	Furniture and Office Equipment			(70)	606						
	Machinery and Equipment										
	Transport Assets										
	Land										
	Zoo's, Marine and Non-biological Animals										
2	Total Renewal of Existing Assets				899						
	Roads Infrastructure										
	Storm water Infrastructure										
	Electrical Infrastructure										
	Water Supply Infrastructure										
	Sanitation Infrastructure										
	Solid Waste Infrastructure										
	Rail Infrastructure				899						
	Coastal Infrastructure										
	Information and Communication Infrastructure										
	Infrastructure				899						
	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										
6	Total Upgrading of Existing Assets		774		18,088	24,732	24,732	24,732	35,746	37,445	
	Roads Infrastructure				10,466	13,999	13,999	13,999	650		
	Storm water Infrastructure										
	Electrical Infrastructure				381	4,278	4,278	4,278	147		
	Water Supply Infrastructure				4,453						
	Sanitation Infrastructure				12,714	57,266	57,266	57,266	18,472		
	Solid Waste Infrastructure				6,467	1,575	1,575	1,575	4,950	5,658	
	Rail Infrastructure										
	Coastal Infrastructure										
	Information and Communication Infrastructure										
	Infrastructure				17,374	19,853	19,853	19,853	5,746	5,658	
	Community Facilities										
	Sport and Recreation Facilities										
	Community Assets									890	
	Heritage Assets										
	Revenue Generating										
	Non-revenue Generating										
	Investment properties										
	Operational Buildings		774		774	4,879	4,879	4,879	30,000	30,897	
	Housing										
	Other Assets		774		774	4,879	4,879	4,879	30,000	30,897	
	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										
4	Total Capital Expenditure			(3,474)	30,824	91,313	91,313	91,313	60,186	57,136	
	Roads Infrastructure				10,466	13,999	13,999	13,999	650	6,149	
	Storm water Infrastructure				1,125						
	Electrical Infrastructure				4,453	172	172	172	4,914	5,184	
	Water Supply Infrastructure				12,714	57,266	57,266	57,266	18,472	7,958	
	Sanitation Infrastructure										
	Solid Waste Infrastructure			(3,834)	282	1,575	1,575	1,575	4,950	5,658	
	Rail Infrastructure										
	Coastal Infrastructure										
	Information and Communication Infrastructure										
	Infrastructure			(3,834)	25,040	73,073	73,073	73,073	28,988	24,949	
	Community Facilities										
	Sport and Recreation Facilities										
	Community Assets				748	13,421	13,421	13,421	1,200	1,289	
	Heritage Assets				748	13,421	13,421	13,421	1,200	1,289	
	Revenue Generating										
	Non-revenue Generating										
	Investment properties										
	Operational Buildings		774		774	4,879	4,879	4,879	30,000	30,897	
	Housing										
	Other Assets		774		774	4,879	4,879	4,879	30,000	30,897	
	Biological or Cultivated Assets										
	Servitudes										
	Licences and Rights										
	Intangible Assets										
	Computer Equipment				(344)						
	Furniture and Office Equipment				(70)						
	Machinery and Equipment										
	Transport Assets										
	Land										
	Zoo's, Marine and Non-biological Animals										
5	Total ASSET REGISTER SUMMARY - PPE (WDV)		881,784	1,089,711	1,160,663	91,313	91,313	91,313	60,186	57,136	
5	ASSET REGISTER SUMMARY - PPE (WDV)		881,784	1,089,711	1,160,663	91,313	91,313	91,313	60,186	57,136	
	Roads Infrastructure		(476,690)	321,018	301,738	13,999	13,999	13,999	650	6,149	
	Storm water Infrastructure										
	Electrical Infrastructure		66,753	62,931	63,593	172	172	172	4,914	5,184	
	Water Supply Infrastructure		139,471	245,622	240,923	57,935	57,935	57,935	33,472	7,958	
	Sanitation Infrastructure		164,215	177,953	172,865	4,210	4,210	4,210	15,000	25,000	
	Solid Waste Infrastructure		21,869	25,156	31,344	1,575	1,575	1,575	4,950	5,658	
	Rail Infrastructure										
	Coastal Infrastructure										
	Information and Communication Infrastructure										
	Infrastructure		(84,383)	832,711	870,453	77,892	77,892	77,892	58,988	49,949	
	Community Assets		16,878	1,505	748	13,421	13,421	13,421	1,200	7,186	
	Heritage Assets		530	530	530						
	Investment properties		13,678	107,454	204,165						
	Operational Buildings		917,155	7,047	10,365						
	Housing		25	73	126						
	Other Assets		66		17						
	Biological or Cultivated Assets										
	Servitudes										
	Licences and Rights										
	Intangible Assets										
	Computer Equipment										
	Furniture and Office Equipment										

The table above 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.

FS193 Nketoana - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
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)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
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)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
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 - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-

PART 2 – Supporting Documentation

NKETOANA LOCAL MUNICIPALITY
2020-2021 IDP AND BUDGET PROCESS PLAN

Activity	Timeline	Responsible Person
1. Inputs from stakeholders and the community for IDP review.	September - December 2019	Manager IDP
2. 1 st Quarter Budget Assessment Report.	14 th October 2019	BTO
3. Budget Steering Committee Meeting.	21 st October 2019	Mayor
4. 2 nd Quarter Budget Assessment Report and Submission of half yearly budget report.	20 th January 2020	BTO
5. Budget Steering Committee.	22 nd January 2020	Mayor
6. Table 2019/2020 Mid-Year Budget Performance and Assessment Report to Council.	24 th January 2020	Mayor
7. Mid-Year Budget Performance Engagement – Provincial Treasury.	January - February 2020	Mayor
8. Projects – Outline prioritized development projects.	February 2020	Manager IDP
9. Submission of Adjustment Budget to council.	28 th February 2020	Mayor
10. Table the draft budget 2020/2021 to the Mayor.	06 th - 13 th March 2020	CFO/MM
11. Budget Steering Committee.	20 th March 2020	Mayor
12. Finalize the 2020/2021 Draft Budget.	24 th March 2020	CFO/MM
13. Table the 2020/2021 Draft Budget to council.	30 th March 2020	Mayor
14. Obtain comments from the public on 2020/2021 draft budget.	01 st -30 th April 2020	Mayor
15. Budget and Benchmark Assessment – Provincial Treasury.	April - May 2020	CFO/MM
16. Budget Steering Committee Meeting	07 th May 2020	Mayor
17. Finalize budget and tariffs for 2020/2021.	18 th May 2020	CFO/MM
18. Submit Final Draft Budget 2020/2021 to the Mayor.	21 th May 2020	MM
19. Table Final 2020/2021 Annual Budget for Approval.	29 th May 2020	Council

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.

2.1.1 Budget Process Overview

The key deadlines for the compilation of the IDP and MTREF was submitted to council for approval during August 2019 as required by Section 21(b) of the MFMA. In terms of the approved key deadlines the draft IDP and Budget must be tabled to Council at the end of March 2020

The IDP unit conducted meetings with ward committees in the month of October 2019 to get input and community needs for the review of the IDP.

IDP engagement meetings with other sector departments were in September 2019 and February 2020

Departments received budget compilation guidelines and templates to be submitted in support of their budget requests in February 2020.

Department submitted their Operational Budget and Capital Budget requests to finance department for consolidation during February 2020. Consolidation of the departmental input received and analysis of the requests took place in two sessions in the month of March 2020.

Key dates as approved by Council in August 2019 were as follows:

- ❖ First round public engagements at ward level with ward councillors and ward committees were from October 2019. The focus was on the following:
- ❖ Feedback on how the priorities have / have not been accommodated in the 2020/2021 budget
- ❖ Give strategic direction and obtain the 5 priorities for the 2020/2021 budget cycle.
- ❖ The Mid-Year Budget and Performance Assessments engagement with the National Treasury in February 2020.
- ❖ Public meetings regarding the tabled 2020/2021 MTREF was scheduled to take place from the 15th to 30th of April 2020 but due to COVID 19 restrictions those public meeting were cancelled and the Communication Officer posted the MTREF via Nketoana website and Facebook Page for comments and inputs May 2020 in order to comply with the legislation.
- ❖ Final approval of the 2021/2020 MTREF was on the 30th of May 2020 via Zoom media platform due to COVID 19 restrictions.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The IDP is the municipal principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into planning statements covering the 5 year objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

All departments were part of the process of reviewing the IDP and SDBIP of the municipality for 2020/2021 financial year.

2.1.3 Community Consultation

Section 29(1)(b) of Chapter 5 of the Municipal Systems Act of 2000 states that municipalities through appropriate mechanisms, processes and procedures established in terms of public participation allow for communities to be consulted on their development needs and priorities and that the local community to participate in drafting of the IDP.

The municipality used ward committees as mechanism for the purpose of engaging and consulting communities on their needs and priorities. The IDP review meetings were held in 4 strategic points identified by the planning committee. The meetings took place in September - December 2019.

2.2 Overview of alignment of annual budget with IDP

The alignment of the budget with the IDP has been achieved through the setting of targets by departments which were guided by the following principles:

- ❖ It had to be aligned to the national outcome related to their mandate.
- ❖ Focus on basic service delivery in terms of the eradication of backlogs, provision of basic services as well as the maintenance of existing infrastructure and community needs.
- ❖ All targets set in the IDP were cross referenced to the budget as part of the result-based budget process. Each outcome with its supporting activities set for the coming year has been linked to specific votes in the budget to be utilized to achieve it.
- ❖ The 2020/2021 MTREF is informed by the IDP revision process.

FS193 Nketoana - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Entity 1 - (name of entity)										
<i>Insert measure/s description</i>										
Entity 2 - (name of entity)										
<i>Insert measure/s description</i>										
Entity 3 - (name of entity)										
<i>Insert measure/s description</i>										
And so on for the rest of the Entities										

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.

The performance of the municipality relates directly to the extent to which it has achieved success in realizing its goals and objectives, complied with legislative requirements and meeting stakeholder's expectations. The municipality has adopted one Integrated Performance Management System which comprises of planning, monitoring, measurement, review, reporting and improvement. The performance information concepts used by the municipality in its IPMS are aligned to the framework of managing programme performance information issued by National Treasury. The following table provides the main measurable performance objective the municipality undertakes to achieve this financial year.

FS193 Nketoana Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	1,603	(13,335)	16,036	49,818	43,449	43,449	(87,329)	(2,446)	13,034	26,500
Cash + investments at the yr end less applications - R'000	18(1)b	2	(149,463)	(215,644)	(226,430)	(7,651)	(11,971)	(11,971)	(1,760,587)	(45,155)	(29,365)	(33,710)
Cash year end/monthly employee/supplier payments	18(1)b	3	-	(0.5)	0.5	2.3	1.9	1.9	(5.4)	(0.1)	0.5	0.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	(44,470)	(114,583)	66,751	59,313	59,313	(71,875)	11,160	23,706	(37,986)
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(2.9%)	(5.7%)	15.7%	(6.0%)	(116.2%)	20.3%	(1.0%)	(0.8%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	103.8%	109.5%	115.4%	111.3%	111.3%	978.8%	91.7%	91.7%	91.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	71.7%	75.9%	28.9%	29.9%	29.9%	(211.3%)	24.1%	24.1%	24.1%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	1169.9%	124.6%	145.1%	161.1%	161.1%	1809.3%	193.3%	203.2%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	43.1%	6.9%	0.0%	0.0%	0.0%	(137.5%)	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	19.7%	(28.6%)	(65.1%)	0.0%	0.0%	194.2%	(6.5%)	5.0%	5.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(100.0%)	0.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	(1.1%)	(2.4%)	0.6%	1.2%	1.2%	0.0%	0.8%	0.9%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

28 | Page

Cash											
Cash Receipts % of Rate Payer & Other		0.0%	103.8%	109.5%	115.4%	111.3%	111.3%	978.8%	91.7%	91.7%	91.7%
Cash Coverage Ratio		—	(0)	0	0	0	0	(0)	(0)	0	0
Borrowing											
Credit Rating (2009/10)									0		
Capital Charges to Operating		0.0%	6.9%	7.3%	3.6%	5.4%	5.4%	9.5%	5.0%	4.9%	4.9%
Borrowing Receipts % of Capital Expenditure		0.0%	43.1%	6.9%	0.0%	0.0%	0.0%	(137.5%)	0.0%	0.0%	0.0%
Reserves											
Surplus/(Deficit)		(149,463)	(215,644)	(226,430)	(7,651)	(11,971)	(11,971)	(1,760,587)	(45,155)	(29,365)	(33,710)
Free Services											
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
High Level Outcome of Funding Compliance											
Total Operating Revenue		—	294,888	311,894	306,754	336,494	336,494	123,190	353,236	380,078	392,756
Total Operating Expenditure		—	347,522	438,992	332,586	369,817	369,817	220,795	403,591	424,779	447,311
Surplus/(Deficit) Budgeted Operating Statement		—	(52,633)	(127,098)	(25,831)	(33,323)	(33,323)	(97,605)	(50,356)	(44,701)	(54,555)
Surplus/(Deficit) Considering Reserves and Cash Backing		(149,463)	(215,644)	(226,430)	(7,651)	(11,971)	(11,971)	(1,760,587)	(45,155)	(29,365)	(33,710)
MTREF Funded (1) / Unfunded (0)	15	0	0	0	0	0	0	0	0	0	0
MTREF Funded ✓ / Unfunded ✗	15	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

2.4 Overview of budget related-policies

The Nketoana's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

- **Credit control and debt collection Policy**

It was also brought to the attention of the Council that outstanding debt (excluding rates that expires after 30 years), do expire after three (3) years under certain conditions.

A workshop was held by the Council and Management on, inter alia, the Revenue Policies. All approved policies were accepted by Council except for the postponement of the implementation of the 30/70% debt collection via the pre-paid electricity system as per the Credit Control and Debt Collection policy. The latest changes on the policies/by-laws were tabled to in Council.

- **Fixed Asset Management Policy**

The utilization and management of property, plant and equipment is the prime mechanism by which a municipality can fulfil its constitutional mandates for:

- ✓ Delivery of sustainable services,
- ✓ Social and economic development,
- ✓ Promoting safe and healthy environments; and
- ✓ Providing the basic needs to the community.

As trustees on behalf of the local community, the municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in property, plant and equipment.

- **Supply Chain Management Policy**

The Supply Chain Management Policy was tabled in Council. There was also another policy which was tabled with the SCM Policy which is the SCM Policy for Infrastructure & Delivery Management

MFMA Circular No 77: Model SCM Policy for Infrastructure Delivery Management provides guidance to municipalities and municipal entities on the establishment of a suitable supply chain management system for infrastructure delivery which is better able to deliver value for money, while minimizing the scope for corruption.

Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Nketoana's system of delegations. The Budget and Virement Policy was tabled in Council for review in respect of both Operating and Capital Budget Fund Transfers.

- **Banking and Investment Policy**

The Nketoana's banking and Investment Policy was also tabled in Council. The aim of the policy is to ensure that the Nketoana's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

- **Tariff Policy**

The Nketoana's tariff policy provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

- **Indigent Policy**

The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the council and to provide procedures and guidelines for the subsidization of basic service (s) charges to its indigent households, using the council's budgetary provisions and/or funds received from central government in accordance with prescribed policy guidelines.

- **Property Rates Policy**

This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy. Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

All the above budget related policies were taken to council as well as the following:

- Car allowance;
- Cell phone allowance;
- Donations;

- Expenditure;
- Free Basic Waste;
- Leave;
- Overtime;
- Principles and Policy on writing off of irrecoverable debt, unallocated revenue and impairment;
- Study Grant;
- Travel and subsistence;
- Working hours;
- Standby Allowance; and
- Acting Allowance.

2.5 Overview of budget assumptions

Key budget assumptions municipality used is as follows:

- The municipality is expected to budget based on its strength to collect revenue
- Repairs and Maintenance as this will assist in the life span of an asset
- Refrain from budgeting for luxury furniture and non-priorities such as excessive catering (MFMA circular 82)
- Increase the labour force by way of implementing EPWP programmes
- CPI 5% MFMA circular 99
- New tariffs have been proposed by the departments and they are also going to be provided with targets in order to ensure proper implementation of tariffs
- The electricity tariffs have been applied for at Nersa at the 6.24% percentage increase.
- The municipality has established the cash flow committee in an effort to properly manage the payments being made and ensure that there are no critical supplier not being paid.
- The municipality is anticipating to reach the 65% collection on the 2020/2021 financial year.
- There is also a system of debt collection the municipality bought which is going to be assisting with the debt collection. The system will assist the municipality by issuing final notice to summons and will also be in showing how much the municipality will be collecting from outstanding debt.
- The South African Local Government Bargaining Council has issued a Wage Collective Agreement for the period 01 July 2020 to 30 June 2021. The municipality has budgeted 6.25% as per the agreement, therefore in 2020/21 salaries have been increased by that percentage.

2.6 Overview of budget funding

The Operating Budget is funded from the following main sources:

- Assessment Rates;
- Tariffs levied for Services, i.e. Refuse Collection;
- Other income and
- Operating Grants and Subsidies.

Operational budget allocation, there is an estimated Unconditional grant (equitable share) of R104 million for 2019/20 financial year and Financial Management grant of R2 million.

The Municipality is also expecting 6 million of donation from Cogta to assist with fixed assets (not included on budget).

Capital budget; funded by MIG of R26 million, WSIG of R15 million, INEP of R4 million and RBIG of R15 million.

2.7 Annual budgets and service delivery and budget implementation plans

– Internal departments

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing its delivery of municipal services and its annual budget, and which must indicate the following –

(a) Monthly projections of –

(i) Revenue to be collected, by source, and

(ii) Operational and capital expenditure, by vote.

(b) Service delivery targets and performance indicators for each quarter, and

(c) Other matters prescribed.

The Honourable Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the Budget.

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2020 to 30 June 2021. It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 56 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.

2.8 Contracts having future budgetary implications

In terms of the Nketoana Local Municipality's Supply Chain Management Policy, all long term contracts may only be procured through a competitive bidding process

2.3 Municipal Manager's Quality certificate:

Municipal Manager's quality certificate



I S.M. Nhlapo, municipal manager of Nketoana Local Municipality, hereby certify that the Annual Budget 2020/2021 to 2022/2023 and supporting documentation have been prepared in accordance with Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget 2020/2021 to 2022/2023 and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Print Name: SOLOMON MOKETE NHLAPO

Municipal manager of NKETOANA LOCAL MUNICIPALITY (FS 193)

Signature: 

Date: 30/05/2020