



FETAKGOMO TUBATSE
LOCAL MUNICIPALITY

Draft Annual Budget

Of

Fetakgomo Tubatse Municipality

2020/2021 to 2022/2023

Medium Term Revenue Expenditure Forecasts

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- At the municipal libraries
- Municipal offices located at the reception
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ACRONYMS AND TABLES

MFMA	Municipal Finance Management Act 56 of 2003
MSA	Municipal Systems Act 32 of 2000
MPRA	Municipal Property Rates Act 6 of 2004
MIG	Municipal Infrastructure Grant
LGSETA	Local Government Sector Education Training Authority
CoGHSTA	Department of Cooperative Governance Human Settlement and Traditional Affairs
COGTA	Department of Cooperative Governance and Traditional Affairs
MTREF	Medium Term Revenue Expenditure Framework
LED	Local Economic Development
MMBRR	Municipal Monitoring and Budgeting Reporting Regulation
EPWP	Expanded Public Works Programme
VAT	Valued Added Tax
CPI	Consumer Price Index
MSCOA	Municipal Standard Chart of Accounts

1.1 Mayor's Foreword

Mayor's foreword at the tabling of the draft 2020/21 Draft Annual budget

We are here before Council to table the draft 2020/21 annual budget for the consideration of the House. We are compelled by legislation to embark on this exercise to enable the Council to adopt the 2020/21 IDP and Budget at the end of May 2019. This also paves the way for Council to subject the draft annual budget to public scrutiny to make comments and inputs.

The draft budget emanates from the submissions made by internal departments and we would like to thank them for the job well done. We would also like to mention that the base of this draft budget emanates from the Strategic planning session that was held in February 2020. The Strategic planning session assisted us a lot in making self-introspection and the direction which the Municipality must take to achieve its 2030 vision. What remains central to us is the acceleration of the pace to provide basic services to our communities.

As stated the draft annual budget will be subjected to public participation in the following month to solicit inputs and comments by the communities to inform the final IDP and Budget to be considered at the end of the financial year. As a practise the engagements with the communities will be intense, robust and at times emotional as most wishes of various villages will not be covered due to budgetary constraints. We would like to appeal to our Councillors to remain level headed to accommodate the needs from the communities. Our wish is to see every Councillor being part of the activities for the collective ownership of the project.

Our draft annual budget is based on the following four factors;

- Equitable share
- Municipal Infrastructure grant
- Own Funding

Our allocation and spending in the following financial year will be based on the above mentioned activities. We would like to increase our tariffs to be in line with the CPIX and the inflation rate. This will enable the Council to generate its own revenue in order to meet the demands of the communities.

We are still experiencing huge debt from government departments, business and rate payers. We are confident that our intervention strategy of reduction the debts by 50% to both business and domestic will yield positive results. Also our debt collectors will assist in recouping money from those owing the institution.

1.3 Council Resolutions

The Mayor of the municipality Councillor Mamekoa hereby tables the following resolutions for approval. That Council approve;

- 1.3.1 Total revenue be budgeted at R780 million for 2020/21, increasing to R838 million and R892 million for the MTREF period,
- 1.3.2 Total operational expenditure be budgeted at R 644 million, increasing to R670 million and increasing to R736 million for the MTREF period,
- 1.3.3 Total capital expenditure be budgeted at R 136 million, decreasing to R127 million and increasing to R138 million for the MTREF period,
- 1.3.4 That EXCO support and recommend to Council the approval and implementation of the draft budget related policies from 1 July 2019 as follows:
 - 1.3.5 Principles and policy on credit control and debt collection,
 - 1.3.6 Principles and policy on Indigent consumers,
 - 1.3.7 Assets management policy,
 - 1.3.8 Tariff policy,
 - 1.3.9 Borrowing policy,
 - 1.3.10 Budget policy,
 - 1.3.11 Virement policy
 - 1.3.12 Cash management and Investment policy,
 - 1.3.13 Property rates policy,
 - 1.3.14 Supply Chain Management Policy
 - 1.3.15 Standard For Infrastructure Procurement and Delivery Management
 - 1.3.16 Funding and Reserves Policy and ,
 - 1.3.17 Cost Containment Policy
 - 1.3.18 Insurance Policy
- 1.3.19 That EXCO recommend to Council to approve the draft reviewed tariffs to be implemented from 1 July 2020 for billing purposes,
- 1.3.20 That the draft budget for the financial year 2020/21 MTREF be submitted to National and Provincial Treasury and relevant stakeholders in the prescribed format.

1.3.21 That the draft annual budget for 2020/21 MTREF be placed on the Fetakgomo Tubatse Municipality website as prescribed by MFMA section 75(1).

1.4 EXECUTIVE SUMMARY

Fetakgomo Tubatse Municipality local municipality has in preparation and compilation of this budget complied with the Municipal Budgeting and Reporting Regulation (MBRR) notice no 31804 of 2009, the provisions of the MFMA, the provisions of the MSA and various budget circulars which guide the process, content and the format of municipal budgets. The budget document must be read together with the Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP) to gain a full understanding of its intentions. Over the past year, economic growth has been weaker than forecasted and is only expected to reach 0.9 per cent in 2020. The 2020 budget highlights the difficult economic and fiscal choices confronting government over the next several years.

It is evident that determined action is required to reverse the deterioration of the public finances by narrowing the budget deficit, containing debt and growing the economy faster and in a sustainable manner. The country is currently faced with the Corona virus which impacted in closure of most businesses and economic meltdown. The municipality in this regard is urged to adopt realistic and funded 2020/21 MTREF budgets, collect the debts owed to them and pay their creditors within 30 days of receipt of invoice. These economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost containment measures.

The following headline CPI inflation forecasts were taken into consideration during budget preparation process and Medium Term Revenue and Expenditure Framework as gazette by National Treasury.

2018/19- 2021/22	2018/19	2020	2021	2022
Fiscal year				
	Estimate		Forecast	
CPI Inflation	0.3%	4.5%	4.6%	4.6%
Real GDP growth	4.1%	0.9%	1.3%	1.6%

OVERVIEW OF THE 2019 BUDGET

The municipality has little room to make choices as the budget continues to be under pressure due to slow or little revenue growth while the cost of doing business increases exponentially.

The budget is intended to strengthen municipal operations such institutional development and transformation, good governance, improving the financial viability, basic service delivery and spatial planning.

The operating budget is pushed up by input costs such as electricity, cleaning and maintenance costs as a result of added building constructed over the last few years.

Furthermore community needs continues to grow demanding for contribution to projects as outlined in the IDP.

1.5 OPERATING BUDGET FRAMEWORK

Fetakgomo Tubatse Municipality local municipality has in preparation and compilation of this budget compiled with the Municipal Budgeting and Reporting Regulation (MBRR) notice no 31804 of 2009, the provisions of the MFMA, the provisions of the MSA and various budget circulars which guide the process, content and the format of municipal budgets.

The following assumptions were used in compiling the budget;

- Consumer price inflation forecast is at 4,5% per cent increasing to 4,6% and 4,6% over the MTREF

- Repo rate is estimated to be 3,75%
- Prime rate is estimated to be 7,25%
- JIBER is estimated to 4,48%
- Debtors collection is estimated at 60%
- Debt impairments is been budgeted at 40%
- Arrear collection is estimated to be 15% in the first of the budget and is planned to improve over the MTREF period
- Creditors payment is planned at 30 days upon receipts of invoice
- MIG Grants is assumed to fully cash backed
- Revenue growth has not been factored due to impact of COVID19 on major development
- Cash coverage is estimated at 2 months
- Employee cost has increased by 6.25%
- Tariffs for property rates has not been increased
- Budget assumed to be funded
- The municipality offers free basic solar budgeted at R83 per household
- Revenue has not been increased to cushion the impact of the current tariffs.
- Councillor's remuneration is expected to increase in line with CPIX Forecast over MTREF period.
- Free basic electricity is been provided for at 50 units per registered indigent beneficiaries.
- Municipality offer free basic refuse removal as part of the indigent support programme
- Property rebate support programme is estimated at additional R35 000 per household.
- Indigent households have been granted 100% incentive on payment of rates and taxes
- Ward committee stipends has been increased to R1 500 per ward committee member.
- The expenditure has been aligned to revenue collection and that the municipality has sufficient cash to finance the expenditure as in section 18 of MFMA;
- The budget has been to priorities enlisted in the IDP.
- Review of all programmes and cost centres to minimize wastage, maximize efficient and accelerate service delivery;
- Reprioritization of expenditure programmes to curb the growing personnel expenditure.

- Ensure that services are cost reflective, affordable and sustainable.
- Ensure that realistic revenue targets are set to ensure that the budget is funded.
- Implementing cost containment measure to address non priority spending and improve cash flow management.

Table 1: Consolidated Overview

AREA	2020/2021 MTREF		
	BUDGET YEAR	ESTIMATE BUDGET YEAR	ESTIMATE BUDGET YEAR
	2020/21	2021/2022	2022/2023
TOTAL REVENUE	780 865 347	838 867 477	892 512 476
TOTAL EXPENDITURE	(644 166 346)	(670 761 907)	(736 829 446)
CAPEX - OWN FUNDS	57 450 000	40 367 000	46 910 523
CAPEX MIG	79 249 000	86 732 839	91 861 330
TOTAL CAPEX	(139 699 000)	(127 099 839)	(138 771 853)
SURPLUS/(DEFICIT)	0	41 005 731	16 911 177

- Total revenue anticipated is R 780 million for 2020/21, increasing to R838 million and R 892 million for the MTREF period,

- Total operational expenditure is R644 million, increasing to R 670 million and increasing to R 736 million for the MTREF period,
- Total capital expenditure is R 139 million, decreasing to R127 million and increasing to R138 million for the MTREF period,
- These resulted in a breakeven budget for 2020/21 financial year while a surplus of R 41 million and R 16 million for the two outer years is anticipated.
- Cost containment measures were taken into consideration when compiling the 2020/21 draft budget as a result of the financial distress the Municipality is currently faced with. Realistic revenue projections has been anticipated based on previous collection rates

1.6 OPERATING REVENUE FRAMEWORK

Fetakgomo Tubatse Municipality to improve the quality of services provided to its citizens it needs to generate the required income. In these tough economic times strong revenue management is fundamental to the financial stability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence the difficult choices have to be made in relation to balancing expenditures against realistically anticipated revenues. The receivers of our services have an obligation to pay for the services they receive so that the municipality continues to offer such services.

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

- National treasury's key guidelines and macroeconomic policy;
- Growth in the municipality's continued economic development
- Efficient revenue management, which aims to ensure that billed revenue is collected
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by calculating the revenue requirement of each service;
- The municipality's property rates policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004)(MPRA)
- The municipality's indigent policy and rendering of free basic services; and
- Tariff policies of the municipality

Table 2: Consolidated Revenue Overview

LIM476 Tubatse Fetakgomo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	94 194	129 495	112 262	138 115	140 902	140 902	87 803	147 243	154 016	161 101
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	14 209	17 852	21 525	14 010	24 682	24 682	16 481	25 798	26 990	28 238
Rental of facilities and equipment		271	374	351	408	408	408	240	427	446	467
Interest earned - external investments		9 039	11 936	7 605	980	7 164	7 164	7 400	7 486	7 831	8 191
Interest earned - outstanding debtors		13 054	19 446	24 172	16 904	33 425	33 425	25 310	34 929	36 535	38 216
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		3 214	2 488	2 652	16 107	3 272	3 272	(8)	3 419	3 577	3 741
Licences and permits		7 160	10 457	7 322	14 007	14 007	14 007	2 749	14 632	15 299	15 998
Agency services		-	-	-	-	4 766	4 766	2 924	4 981	5 210	5 450
Transfers and subsidies		272 066	342 846	368 895	504 641	420 272	420 272	410 786	456 109	495 641	532 287
Other revenue	2	25 960	4 119	9 414	6 287	2 144	2 144	713	2 041	2 135	2 233
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		439 167	539 013	554 198	711 458	651 043	651 043	554 399	697 065	747 681	795 921

Property rates

Property rates collection is estimated at **50 per cent** and a provision of **50 per cent** has been made for bad debt. This is based on the trend in the current year.

The projected billing has also taken into account the collection trends and revenue forgone over the past years.

- Property rates billing includes Burgersfort , Steelpoort, Orighstad , Old Praaktiseer, Farms and Apel Regional Office businesses and Mines as areas earmarked for collection. The budget billing of R 147 million was overstated as compared to the actual billing and the audited outcomes of the previous years. The property rates tariffs were not adjusted and the revenue in this regard need to be recalculated during the final budget. Although the collection rate for this revenue stream is has dropped over the previous years, provision for debt impairment was catered for at 50% which needs to be recalculated as a result of the overstated property rates billing.

Refuse removal revenue

The revenue anticipated under these function has decreased as compared to the audited outcome and adjusted budget since there are areas where billing has been stopped because of non-payment from residents.

- Refuse removal revenue budget was understated as compared to the actual performance of 2018/19 pre audit financial statements. Billed revenue increased from R 24 million to R 25 million as result of the addition arrears earmarked for collection in the 2020/2021 financial year. Collection of refuse is done twice a week in arrears like Burgersfort Town, Orighstad, Steelpoort and Praaktiseer, The municipality is currently formalizing informal settlement to enhance this revenue stream.

Traffic function

- Traffic function which has been fully devolved to the municipality is the second most collectible revenue source following grants. The traffic station has been completed and operational.
- Revenue for license and permits was projected at R14 million to accommodate the lost revenue during construction of Praktiseer. The testing station was not operational since July. The actual performance for the 2018/19 was not satisfactory however the revenue stream will improve during 2020/21 as the New Traffic Testing Station at Praktiseer is completed and Mabopo Vehicle Testing Station will also be operational during 2020/2021 financial year.

Revenue from rental of facilities and equipment

The revenue from rental of facilities was budgeted at R 427 thousand and includes civic hall rentals and other municipal properties which are earmarked for collection during 2020/2021.

Interest on investment

The amount of interest in these category includes interest earned from current account since the Municipality is not anticipating to have long term investments. The projected

amount of R 7, 4 million was based on the audit outcomes and the municipality is anticipating to invest more funds in the Call account as it earned improved interest

Interest on outstanding debtors

The interest on outdating debts has increases significantly as compared to the audited outcome and adjusted budget since it is combined with penalties imposed on property rates.

Other revenue

Other revenue has declined since the revenue from the sale of tender documents has been reduced as the Municipality will now use the e tender form of advertising.

Grant funding

Revenues from the government grants; equitable share, Municipal Finance Management Grant (FMG) , Municipal Infrastructure Grant and EPWP incentive Grant are reliable and constitute **69 per cent** of the budgeted revenue. This means only less than **29 per cent** of the revenue may fluctuate giving the municipality certainty on its expenditures and better planning.

Table 3: Grant Receipts

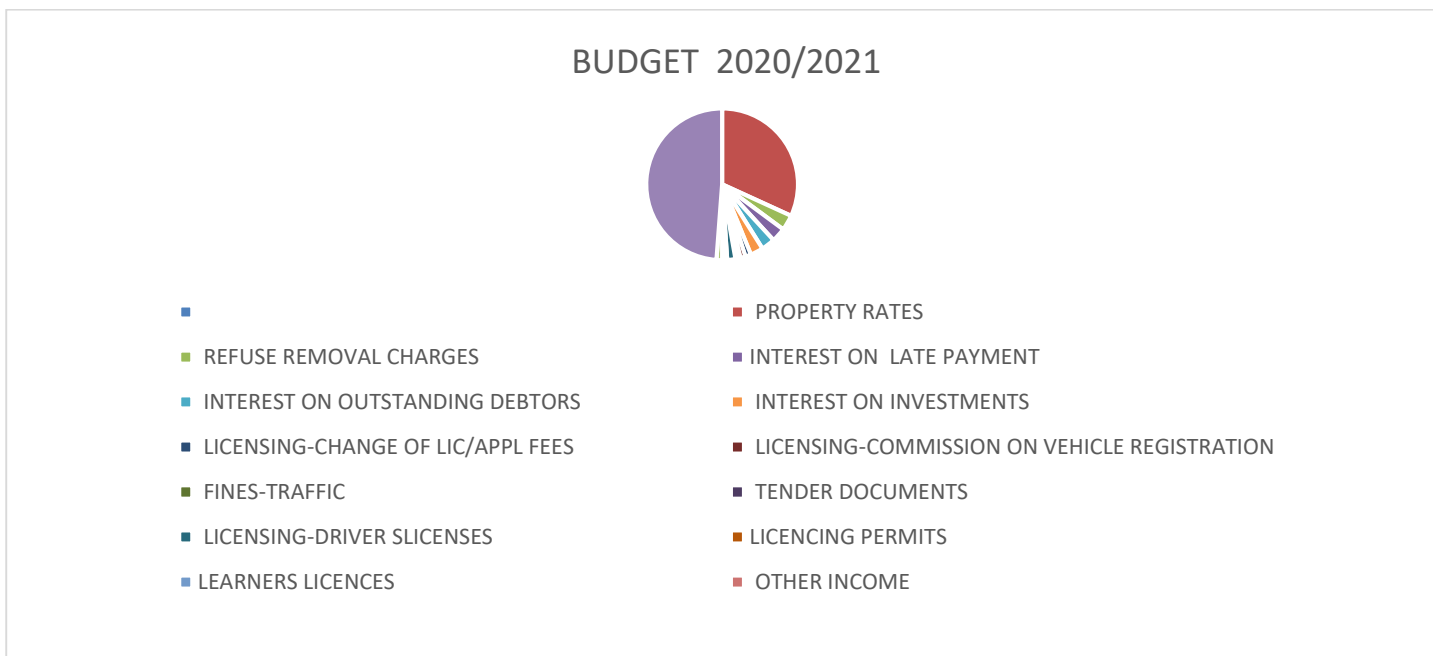
LIM476 Tubatse Fetakgomo - Supporting Table SA18 Transfers and grant receipts

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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	9 890	53 328	504 641	504 641	504 641	456 109	495 641	532 287
Local Government Equitable Share		-	-	-	415 486	415 486	415 486	452 557	493 141	529 587
Expanded Public Works Programme Integrated		-	1 279	2 035	1 786	1 786	1 786	1 052	-	-
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant		-	4 045	3 951	3 000	3 000	3 000	2 500	2 500	2 700
Municipal Demarcation Transition Grant		-	4 566	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	47 342	84 369	84 369	84 369	-	-	-
Provincial Government:		-	-	1 055	-	-	-	-	-	-
Municipal Systems Improvement		-	-	1 055	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Limpopo Appeal Tribunals		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	9 890	54 383	504 641	504 641	504 641	456 109	495 641	532 287
Capital Transfers and Grants										
National Government:		-	86 449	5 032	20 000	128 606	128 606	83 797	91 183	96 588
Integrated National Electrification Programme		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	-	5 032	20 000	20 000	20 000	-	-	-
Municipal Infrastructure Grant		-	86 449	-	-	58 369	58 369	83 797	91 183	96 588
Water Services Infrastructure Grant		-	-	-	-	50 237	50 237	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	86 449	5 032	20 000	128 606	128 606	83 797	91 183	96 588
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	96 339	59 414	524 641	633 247	633 247	539 906	586 824	628 875

- Revenue from grants and subsidies amounts to R539 million for 2020/21, the major categories being the following:
 - Equitable share R 452 million,

- Municipal Infrastructure Grant (MIG) funding of R83 million
- Finance Management Grant(FMG) R 2,5 million

Chart 1: Revenue per source chart



The graph indicates different categories regarded as revenue.

1.7 OPERATING EXPENDITURE FRAMEWORK

The municipality's expenditure framework for 2020/2021 budget and MTREF is informed by the following;

- Review and prioritisation of expenditure programmes based on impact assessment
- Funding of the budget over the medium term as informed by section 18 and 19 of the MFMA;
- Additional human resources will only be considered for critical positions
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- Salary increases budgeted at 6.2 per cent which as per circular 94 of MFMA.
- While the operating expenses are rising annually, the budget is considering various ways of reducing recurring expenditure by promoting the green economy, monitoring travelling expensive and removing the nice to have altogether.
- Service delivery programmes have being evaluated and additional funds provided where necessary.
- All revenue projections are based on trends except where the revenue from national or provincial government in which case has been gazetted.
- Funding for capital expenditure takes into account the availability of funding.

Table 4: Summary of operating expenditure by standard classification item

LIM476 Tubatse Fetakgomo - 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
Expenditure By Type											
Employee related costs	2	124 147	165 595	171 139	225 103	197 778	197 778	129 318	209 827	230 808	245 233
Remuneration of councillors		23 358	31 843	31 419	33 586	33 586	33 586	23 552	35 685	37 915	40 285
Debt impairment	3	(20 372)	63 883	73 338	44 992	70 000	70 000	462	73 150	76 515	80 035
Depreciation & asset impairment	2	95 739	113 993	116 921	79 392	104 653	104 653	-	88 677	91 710	128 230
Finance charges		2 667	1 213	907	1 315	1 315	1 315	1 021	955	999	1 045
Bulk purchases	2	154	-	-	-	-	-	-	-	-	-
Other materials	8	50 099	96 847	1 346	2 269	3 269	3 269	1 671	3 822	3 997	4 181
Contracted services		64 099	50 758	83 524	102 102	118 292	118 292	69 878	130 002	128 615	133 676
Transfers and subsidies		5 465	8 087	7 348	1 263	1 263	1 263	48	1 332	1 393	1 457
Other expenditure	4, 5	75 595	366 143	69 572	86 083	86 403	86 403	54 671	100 310	105 353	111 807
Losses		-	206	515	-	-	-	-	-	-	-
Total Expenditure		420 951	898 568	556 029	576 104	616 560	616 560	280 619	643 760	677 306	745 949

- Total operational budget is **R643 million**, increasing to **R677 million** and increasing to **R745 million** over the MTREF period, the highest contributors to the operational expenditure for 2020/21 are:

Employee related costs of R209 million (39%),

The employee costs was decreased from R225 million budget of 2018/19 to R 209 million to cater for only critical position and the overstated amount on employee related cost

Depreciation of assets R88 million

Depreciation was budgeted at R88 million which shows an increase compared to the previous years. Two bridge were affected by floods thus resulting in complete write off. The depreciation in this regard will be derecognised.

Provision for doubtful debts R73 million

Provision for bad debts was provided for at R 73million based on the collection rate of 50% above.

Remuneration of Councillors R35 million

Councillors' remuneration costs were provided for based on the upper limits and an increase of 6, 2%

Finance charges

The finance charges includes interest which is projected to be paid on late payments to creditors.

Operating surplus/deficit

The operating surplus reflecting under table A4 it will be used to fund projects from own funds.

The operational expenditure budgets for each department are summarised below:

The detailed breakdown for the budgeted operational expenditure are attached in the detailed budget.

DEVELOPMENT PLANNING (DVP)

DESCRIPTION	BUDGET YEAR 2020/2021	ESTIMATE YEAR 2021/2022	ESTIMATE YEAR 2022/2023
Employee related costs	9 253 413	9 831 751	10 446 236
General Expenses	9 190 196	5 899 952	4 629 717
TOTAL	18 443 609	15 731 703	15 075 953

LOCAL ECONOMIC DEVELOPMENT (LED)

DESCRIPTION	BUDGET YEAR 2020/2021	ESTIMATE YEAR 2021/2022	ESTIMATE YEAR 2022/2023
Employee related costs	8 179 315	8 690 522	9 233 680
General Expenses	4 683 354	4 898 789	5 124 131
TOTAL	12 862 669	13 589 311	14 357 812

COMMUNITY SERVICES

DESCRIPTION	BUDGET YEAR 2020/2021	ESTIMATE YEAR 2021/2022	ESTIMATE YEAR 2022/2023
Employee related costs	59 543 226	63 264 677	67 218 720
General expenses	9 839 589	9 047 218	9 481 739
Repairs and maintenance	648 400	678 226	709 425
Contracted Services (Refuse removal)	10 530 000	11 014 380	11 521 041
TOTAL	80 561 215	84 004 502	88 930 925

TECHNICAL SERVICES

DESCRIPTION	BUDGET YEAR 2020/2021	ESTIMATE YEAR 2021/2022	ESTIMATE YEAR 2022/2023
Employee related costs	29 434 547	31 274 206	33 228 844
General Expenses	4 885 226	2 971 946	3 062 656
Repairs and maintenance	25 259 472	26 421 408	27 636 793
Electricity	5 109 778	5 344 828	5 590 690
Free Basic Electricity	6 270 000	6 558 420	6 860 107
Depreciation	74 591 311	78 022 511	113 912 867
TOTAL	145 550 334	150 593 319	190 291 956

MUNICIPAL MANAGER

DESCRIPTION	BUDGET YEAR 2020/2021	ESTIMATE YEAR 2021/2022	ESTIMATE YEAR 2022/2023
Employee related costs	10 871 526	11 550 997	12 272 934
General Expenses	5 893 421	6 164 517	6 448 087
TOTAL	16 764 948	17 715 516	18 721 021

BUDGET AND TREASURY

DESCRIPTION	BUDGET YEAR 2020/2021	ESTIMATE YEAR 2021/2022	ESTIMATE YEAR 2022/2023
Employee related costs	35 147 380	37 344 091	39 678 097
General Expenses	23 737 737	24 829 673	25 971 838
Depreciation	13 085 891	13 687 842	14 317 483
Provision for doubtful debts	73 150 000	76 514 900	80 034 585
TOTAL	145 121 008	152 376 506	160 002 003

CORPORATE SERVICES

DESCRIPTION	BUDGET YEAR 2020/2021	ESTIMATE YEAR 2021/2022	ESTIMATE YEAR 2022/2023
Remuneration of Councilors	35 759 827	37 994 816	40 369 492
Employee related costs	93 042 940	98 858 124	105 036 756
General Expenses	89 680 683	93 805 994	98 121 070
Repairs and maintenance	11 800 559	12 343 385	12 911 180
Lease of Municipal buildings	25 638 382	26 817 747	28 051 364
Lease of Office Machine	1 200 000	1 264 800	1 500 000
Lease of Vehicles	3 500 000	3 661 000	3 829 406
Electricity related costs	3 349 643	3 503 727	3 664 898
TOTAL	263 972 033	278 249 592	293 484 166

Key expenditure programmes for implementation include;

- Continued implementation of Expanded Public Works Programme from needy families.
- Strengthening of the ward committee system of local government through re-training and skilling, provision of tools of trade and payment of stipends.
- Programmes that improve the conditions of youth, people with disabilities, the elderly, children and women.
- Provision of bursaries to needy and deserving learners.
- Support of sport and arts programmes
- Support of local entrepreneurs and cooperative through capital injection.
- Improving measures to prevent fraud, risk management and improve governance.
- Improvement of the revenue collection through better and improved billing systems
- Provision of funds to strengthen the traffic management and the licensing divisions
- Improvement of the refuse removal service through provision of adequate assets and infrastructure for effective collection.

- Allocation for free basic electricity to needy households in line with the municipality's indigent management policies.
- Support of local farming initiatives, tourism,youth, people with disability and local economic development.

1.8 REMUNERATION OF COUNCILLORS AND EXECUTIVE MANAGEMENT

LIM476 Tubatse Fetakgomo - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior manager:

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contribution	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		570 159		253 802			823 961
Chief Whip			534 526		234 681			769 207
Executive Mayor			712 701		272 340			985 041
Deputy Executive Mayor			-		-			-
Executive Committee			2 313 368		1 618 135			3 931 503
Total for all other councillors			18 477 445		10 697 678			29 175 123
Total Councillors	8	-	22 608 199	-	13 076 636			35 684 835

Councillor remuneration is in line with the upper limits as determined by the minister of Cooperative Governance and Traditional Affairs budgeted at **R35 million**.

1.9 CAPITAL EXPENDITURE

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

Table 6: Consolidated Overview of Capital Expenditure Funding

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional	1										
Governance and administration		3 934	3 417	40 577	94 722	74 574	74 574	44 125	31 587	33 771	62 334
Executive and council											
Finance and administration		3 934	3 417	40 577	94 722	74 574	74 574	44 125	31 587	33 771	62 334
Internal audit											
Community and public safety		8 729	3 438	-	2 700	1 700	1 700	249	8 450	6 000	-
Community and social services		8 729	-	-	2 700	1 700	1 700	249	8 450	6 000	-
Sport and recreation			1 761								
Public safety			1 678								
Housing											
Health											
Economic and environmental services		100 819	78 470	32 724	48 935	76 818	76 818	24 232	92 069	74 754	71 883
Planning and development		-	4 645	-	-	-	-	-	-	-	-
Road transport		100 819	73 825	32 724	48 935	76 818	76 818	24 232	92 069	74 754	71 883
Environmental protection											
Trading services		-	5 843	1 916	9 000	10 000	10 000	800	5 000	13 000	5 000
Energy sources			3 121								
Water management											
Waste water management		-		-	-	5 000	5 000	-	-	-	-
Waste management		-	2 721	1 916	9 000	5 000	5 000	800	5 000	13 000	5 000
Other											
Total Capital Expenditure - Functional	3	113 483	91 168	75 217	155 357	163 092	163 092	69 405	137 106	127 525	139 217
Funded by:											
National Government		100 819	80 178	66 006	94 655	69 574	69 574	45 625	79 269	86 754	91 883
Provincial Government		-	-	-	-	50 237	50 237	10 851	-	-	-
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	100 819	80 178	66 006	94 655	119 811	119 811	56 476	79 269	86 754	91 883
Borrowing	6										
Internally generated funds		12 664	10 990	9 211	60 702	43 282	43 282	12 929	57 837	40 771	47 334
Total Capital Funding	7	113 483	91 168	75 217	155 357	163 092	163 092	69 405	137 106	127 525	139 217

Performance indicators for capital budget

The Capital budget has three areas:

- Own funding for Capital Expenditure,
- Municipal Infrastructure Grant (MIG),

1.10. Annual Budget Tables-Parent Municipality

The following pages presents the main budget tables as required in terms of section 8 of the municipal budget and reporting regulations. These tables set out the municipality's 2019/20 budget and MTREF as approved by Council. Each table is accompanied by explanatory note on the next page.

Annual Budget Tables

Explanatory notes to MBRR table A1-Budget Summary

1. *Table A1 is a budget summary and provides a concise overview of the budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).*
2. *The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.*
3. *Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessments of the financial performance, financial position and cash flow budgets, along with the capital budget. The budget summary provides the key information in this regard;*
 - a. *The operating surplus/deficit (after total expenditure) is positive over the MTREF*
 - b. *Capital expenditure is balanced by capital by capital funding sources, of which*
 - i. *Transfers recognised is reflected on the financial performance budget*
 - ii. *Borrowing is incorporated in the net cash from financing on the cash flow budget*
 - iii. *Internally generated funds are financed from a combination of the current operating surplus and accumulated cash backed surplus from previous years. The amount is incorporated in the net cash from investing on the cash flow budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital budget.*
4. *Municipality continue to cater for free basic services to the indigent residents. In addition, the municipality continues to make progress in addressing service delivery backlogs.*

LIM476 Tubatse Fetakgomo - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		-		504 690	658 441	695 901	695 901	298 691	321 430	342 795
Executive and council		-	-	-	20 258	20 258	20 258	21 312	22 463	23 676
Finance and administration		-	413 990	504 690	638 183	675 643	675 643	277 380	298 967	319 120
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	10 680	14 289	40	127	127	133	141	148
Community and social services		-	24	1 344	40	127	127	133	141	148
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	10 656	12 945	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	105 259	88 595	5	243	243	4	4	5
Planning and development		-	288	703	5	243	243	4	4	5
Road transport		-	104 970	87 892	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	14 209	17 888	11 774	21 666	21 666	432 613	469 688	511 065
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	14 209	17 888	11 774	21 666	21 666	432 613	469 688	511 065
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	#REF!	625 462	670 260	717 936	717 936	731 442	791 263	854 013
Expenditure - Functional										
Governance and administration		-	270 103	569 004	341 435	477 260	477 260	502 145	513 438	542 415
Executive and council		-	41 289	61 818	72 114	59 056	59 056	64 355	68 343	72 579
Finance and administration		-	228 815	507 186	269 321	418 203	418 203	437 790	445 095	469 836
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	54 257	50 382	52 991	10 007	10 007	12 539	11 095	11 374
Community and social services		-	54 257	22 199	31 231	10 007	10 007	12 539	11 095	11 374
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	28 183	21 760	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	96 591	262 771	219 789	40 592	40 592	40 658	43 951	46 774
Planning and development		-	15 755	16 836	43 775	11 967	11 967	12 302	13 890	14 560
Road transport		-	80 835	245 935	176 014	28 625	28 625	28 356	30 061	32 215
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	16 411	20 579	22 627	22 627	20 120	17 623	18 604
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	16 411	20 579	22 627	22 627	20 120	17 623	18 604
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	420 951	898 568	634 794	550 486	550 485	575 461	586 107	619 167
Surplus/(Deficit) for the year		-	#REF!	(273 106)	35 466	167 451	167 451	155 981	205 156	234 846

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	94 194	129 495	112 262	138 115	140 902	140 902	87 803	147 243	154 016	161 101
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	14 209	17 852	21 525	14 010	24 682	24 682	16 481	25 798	26 990	28 238
Rental of facilities and equipment		271	374	351	408	408	408	240	427	446	467
Interest earned - external investments		9 039	11 936	7 605	980	7 164	7 164	7 400	7 486	7 831	8 191
Interest earned - outstanding debtors		13 054	19 446	24 172	16 904	33 425	33 425	25 310	34 929	36 535	38 216
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		3 214	2 488	2 652	16 107	3 272	3 272	(8)	3 419	3 577	3 741
Licences and permits		7 160	10 457	7 322	14 007	14 007	14 007	2 749	14 632	15 299	15 998
Agency services		-	-	-	-	4 766	4 766	2 924	4 981	5 210	5 450
Transfers and subsidies		272 066	342 846	368 895	504 641	420 272	420 272	410 786	456 109	495 641	532 287
Other revenue	2	25 960	4 119	9 414	6 287	2 144	2 144	713	2 041	2 135	2 233
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		439 167	539 013	554 198	711 458	651 043	651 043	554 399	697 065	747 681	795 921
Expenditure By Type											
Employee related costs	2	124 147	165 595	171 139	225 103	197 778	197 778	129 318	209 827	230 808	245 233
Remuneration of councillors		23 358	31 843	31 419	33 586	33 586	33 586	23 552	35 685	37 915	40 285
Debt impairment	3	(20 372)	63 883	73 338	44 992	70 000	70 000	462	73 150	76 515	80 035
Depreciation & asset impairment	2	95 739	113 993	116 921	79 392	104 653	104 653	-	88 677	91 710	128 230
Finance charges		2 667	1 213	907	1 315	1 315	1 315	1 021	955	999	1 045
Bulk purchases	2	154	-	-	-	-	-	-	-	-	-
Other materials	8	50 099	96 847	1 346	2 269	3 269	3 269	1 671	3 822	3 997	4 181
Contracted services		64 099	50 758	83 524	102 102	118 292	118 292	69 878	130 002	128 615	133 676
Transfers and subsidies		5 465	8 087	7 348	1 263	1 263	1 263	48	1 332	1 393	1 457
Other expenditure	4, 5	75 595	366 143	69 572	86 083	86 403	86 403	54 671	100 310	105 353	111 807
Losses		-	206	515	-	-	-	-	-	-	-
Total Expenditure		420 951	898 568	556 029	576 104	616 560	616 560	280 619	643 760	677 306	745 949
Surplus/(Deficit)		18 216	(359 555)	(1 831)	135 354	34 483	34 483	273 780	53 305	70 375	49 972
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		104 970	86 449	52 373	20 000	128 606	128 606	30 549	83 797	91 183	96 588
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	3	3	3	-	3	3	4
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		123 186	(273 106)	50 543	155 357	163 092	163 092	304 329	137 106	161 561	146 563
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		123 186	(273 106)	50 543	155 357	163 092	163 092	304 329	137 106	161 561	146 563
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		123 186	(273 106)	50 543	155 357	163 092	163 092	304 329	137 106	161 561	146 563
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		123 186	(273 106)	50 543	155 357	163 092	163 092	304 329	137 106	161 561	146 563

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 - Functional											
<i>Governance and administration</i>		3 934	3 417	40 577	94 722	74 574	74 574	44 125	31 587	33 771	62 334
Executive and council											
Finance and administration		3 934	3 417	40 577	94 722	74 574	74 574	44 125	31 587	33 771	62 334
Internal audit											
<i>Community and public safety</i>		8 729	3 438	-	2 700	1 700	1 700	249	8 450	6 000	-
Community and social services		8 729	-	-	2 700	1 700	1 700	249	8 450	6 000	-
Sport and recreation			1 761								
Public safety			1 678								
Housing											
Health											
<i>Economic and environmental services</i>		100 819	78 470	32 724	48 935	76 818	76 818	24 232	92 069	74 754	71 883
Planning and development		-	4 645	-	-	-	-	-	-	-	-
Road transport		100 819	73 825	32 724	48 935	76 818	76 818	24 232	92 069	74 754	71 883
Environmental protection											
<i>Trading services</i>		-	5 843	1 916	9 000	10 000	10 000	800	5 000	13 000	5 000
Energy sources			3 121								
Water management											
Waste water management		-		-	-	5 000	5 000	-	-	-	-
Waste management		-	2 721	1 916	9 000	5 000	5 000	800	5 000	13 000	5 000
<i>Other</i>											
Total Capital Expenditure - Functional	3	113 483	91 168	75 217	155 357	163 092	163 092	69 405	137 106	127 525	139 217
Funded by:											
National Government		100 819	80 178	66 006	94 655	69 574	69 574	45 625	79 269	86 754	91 883
Provincial Government		-	-	-	-	50 237	50 237	10 851	-	-	-
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	100 819	80 178	66 006	94 655	119 811	119 811	56 476	79 269	86 754	91 883
Borrowing	6										
Internally generated funds		12 664	10 990	9 211	60 702	43 282	43 282	12 929	57 837	40 771	47 334
Total Capital Funding	7	113 483	91 168	75 217	155 357	163 092	163 092	69 405	137 106	127 525	139 217

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		208 341	3 609	95 117	(552 932)	35 318	35 318	106 874	35 318	36 943	38 643
Call investment deposits	1	-	-	-	-	32 414	32 414	90 506	32 414	33 905	35 464
Consumer debtors	1	129 666	64 627	84 765	164 168	186 168	186 168	158 046	176 168	184 272	192 749
Other debtors		66 024	41 667	15 547	-	1 001	1 001	31 554	1 001	1 047	1 095
Current portion of long-term receivables		48 469	-	-	-	-	-	-	-	-	-
Inventory	2	1 294	1 347	373	-	428	428	431	428	448	468
Total current assets		453 794	111 250	195 801	(388 764)	255 330	255 330	387 411	245 330	256 615	268 419
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		162 495	49 488	15 320	49 488	49 488	49 488	15 320	49 488	51 765	54 146
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	2 222 690	2 330 588	2 189 193	151 787	1 800 770	1 800 770	2 231 992	1 771 587	1 839 226	1 931 285
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		48	73	33	6 804	4 424	4 424	(3 995)	7 621	5 938	4 582
Other non-current assets		1 068	1 068	1 068	-	-	-	20 131	-	-	-
Total non current assets		2 386 301	2 381 217	2 205 614	208 080	1 854 682	1 854 682	2 263 448	1 828 696	1 896 929	1 990 013
TOTAL ASSETS		2 840 094	2 492 468	2 401 415	(180 684)	2 110 012	2 110 012	2 650 859	2 074 025	2 153 543	2 258 432
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	167 112	245 104	232 947	(61 403)	26 189	26 189	211 755	(55 237)	(57 778)	(60 436)
Provisions		11 191	-	13 996	-	16 720	16 720	18 995	16 720	17 489	18 294
Total current liabilities		178 303	245 104	246 943	(61 403)	42 909	42 909	230 750	(38 517)	(40 289)	(42 142)
Non current liabilities											
Borrowing		-	66 370	10 607	(9 278)	(9 278)	(9 278)	17 097	(9 278)	(9 704)	(10 151)
Provisions		66 572	-	44 648	-	-	-	(582)	-	-	-
Total non current liabilities		66 572	66 370	55 254	(9 278)	(9 278)	(9 278)	16 514	(9 278)	(9 704)	(10 151)
TOTAL LIABILITIES		244 875	311 474	302 197	(70 680)	33 632	33 632	247 264	(47 795)	(49 993)	(52 293)
NET ASSETS	5	2 595 219	2 180 993	2 099 218	(110 004)	2 076 380	2 076 380	2 403 594	2 121 820	2 203 536	2 310 725
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		2 595 219	2 180 993	2 099 218	(110 004)	2 076 380	2 076 380	2 407 434	2 121 820	2 203 536	2 310 725
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	2 595 219	2 180 993	2 099 218	(110 004)	2 076 380	2 076 380	2 407 434	2 121 820	2 203 536	2 310 725

LIM476 Tubatse Fetakgomo - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Current assets											
Cash		-	208 341	3 609	208 341	55 458	55 458	55 458	36 590	67 537	127 091
Call investment deposits	1	-	-	-	78 762	78 762	78 762	78 762	-	-	-
Consumer debtors	1	-	129 666	64 627	129 666	159 783	159 783	159 783	156 348	161 038	165 869
Other debtors		-	66 024	41 667	66 024	7 448	7 448	7 448	7 821	8 212	8 622
Current portion of long-term receivables		-	48 469	48 469	48 469	-	-	-	-	-	-
Inventory	2	-	1 294	1 347	1 294	-	-	-	-	-	-
Total current assets		-	453 794	111 250	532 556	301 452	301 452	301 452	200 759	236 787	301 583
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	162 495	49 488	49 488	129 996	129 996	129 996	49 488	49 488	49 488
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	-	2 222 690	2 330 588	2 395 829	1 398 912	1 398 912	1 398 912	1 638 868	1 654 692	1 655 590
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	48	73	48	1 234	1 234	1 234	3 234	3 296	3 461
Other non-current assets		-	1 068	1 068	1 068	-	-	-	-	-	-
Total non current assets		-	2 386 301	2 381 217	2 446 434	1 530 142	1 530 142	1 530 142	1 691 590	1 707 477	1 708 539
TOTAL ASSETS		-	2 840 094	2 492 468	2 978 990	1 831 594	1 831 594	1 831 594	1 892 349	1 944 264	2 010 122
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	-	167 112	245 104	44 741	45 051	45 051	45 051	61 403	47 795	49 228
Provisions		-	11 191	-	-	-	-	-	-	-	-
Total current liabilities		-	178 303	245 104	44 741	45 051	45 051	45 051	61 403	47 795	49 228
Non current liabilities											
Borrowing		-	66 572	66 370	11 778	11 778	11 778	11 778	9 278	7 978	6 778
Provisions		-	-	-	27 069	-	-	-	-	-	-
Total non current liabilities		-	66 572	66 370	38 846	11 778	11 778	11 778	9 278	7 978	6 778
TOTAL LIABILITIES		-	244 875	311 474	83 587	56 829	56 829	56 829	70 680	55 772	56 006
NET ASSETS	5	-	2 595 219	2 180 993	2 895 403	1 774 766	1 774 766	1 774 766	1 821 669	1 888 491	1 954 116
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		-	2 595 219	2 180 993	2 895 403	1 774 766	1 774 766	1 774 766	1 821 669	1 888 491	1 954 116
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	2 595 219	2 180 993	2 895 403	1 774 766	1 774 766	1 774 766	1 821 669	1 888 491	1 954 116

LIM476 Tubatse Fetakgomo - 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
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		40 419	158 477	159 497	58 000	62 000	62 000	62 000	66 259	69 307	72 495
Service charges		9 209	9 209	8 221	6 000	6 000	6 000	6 000	6 192	6 478	6 777
Other revenue		15 405	16 384	15 396	12 335	12 335	12 335	12 335	22 475	23 509	24 590
Transfers and Subsidies - Operational	1	350 246	342 846	430 994	420 272	420 272	420 272	420 272	456 109	495 641	532 287
Transfers and Subsidies - Capital	1	95 383	86 449	52 373	154 606	128 606	128 606	128 606	83 797	91 183	96 588
Interest		9 039	12 071	2 517	5 000	9 000	9 000	9 000	10 979	15 138	15 834
Dividends									-	-	-
Payments											
Suppliers and employees		(383 715)	(608 601)	(501 779)	(502 499)	(502 499)	(502 499)	(502 499)	(479 646)	(506 689)	(535 182)
Finance charges		(1 537)	(1 213)	(907)	(1 315)	(1 315)	(1 315)	(1 315)	(955)	(999)	(1 045)
Transfers and Grants	1	(5 465)	(8 087)	(154)	(6 000)	(6 000)	(6 000)	(6 000)	(1 332)	(1 393)	(1 457)
NET CASH FROM/(USED) OPERATING ACTIVITIES		128 985	7 535	166 157	146 399	128 399	128 399	128 399	163 878	192 175	210 887
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (increase) in non-current receivables									-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(110 753)	(206 550)	(72 623)	(180 794)	(163 087)	(163 087)	(163 087)	(136 899)	(127 100)	(138 772)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(110 753)	(206 550)	(72 623)	(180 794)	(163 087)	(163 087)	(163 087)	(136 899)	(127 100)	(138 772)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(911)	(1 523)	(2 026)	(1 300)	(1 300)	(1 300)	(1 300)	(1 300)	(1 300)	(1 300)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(911)	(1 523)	(2 026)	(1 300)	(1 300)	(1 300)	(1 300)	(1 300)	(1 300)	(1 300)
NET INCREASE/ (DECREASE) IN CASH HELD		17 320	(200 538)	91 508	(35 695)	(35 988)	(35 988)	(35 988)	25 679	63 775	70 815
Cash/cash equivalents at the year begin:	2	191 020	204 147	3 609	92 097	92 097	92 097	92 097	7 841	33 521	97 295
Cash/cash equivalents at the year end:	2	208 341	3 609	95 117	56 402	56 109	56 109	56 109	33 521	97 295	168 111

LIM476 Tubatse Fetakgomo - 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	208 341	3 609	95 117	56 402	56 109	56 109	56 109	67 733	131 507	202 323
Other current investments > 90 days		0	0	(0)	(609 334)	11 623	11 623	141 270	(0)	(60 659)	(128 216)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		208 341	3 609	95 117	(552 932)	67 732	67 732	197 379	67 732	70 848	74 107
Application of cash and investments											
Unspent conditional transfers		-	80 046	142 439	-	91 254	91 254	156 247	34 250	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	86 597	58 857	(12 862)	(122 285)	(132 309)	(132 309)	(77 458)	(24 535)	(17 571)	(18 380)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		86 597	138 903	129 578	(122 285)	(41 055)	(41 055)	78 789	9 715	(17 571)	(18 380)
Surplus(shortfall)		121 743	(135 294)	(34 461)	(430 647)	108 787	108 787	118 591	58 017	88 418	92 487

LIM476 Tubatse Fetakgomo - 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		58 255	58 255	58 255	58 255	58 255	58 255	58 255	58 255	58 255
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>		58 255	58 255	58 255	58 255	58 255	58 255	58 255	58 255	58 255
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		67 208	67 208	67 208	67 208	67 208	67 208	67 208	67 208	67 208
<i>Below Minimum Service Level sub-total</i>		67 208	67 208	67 208	67 208	67 208	67 208	67 208	67 208	67 208
Total number of households	5	125 463	125 463	125 463	125 463	125 463	125 463	125 463	125 463	125 463
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893
Flush toilet (with septic tank)		1 906	1 906	1 906	1 906	1 906	1 906	1 906	1 906	1 906
Chemical toilet		6 003	6 003	6 003	6 003	6 003	6 003	6 003	6 003	6 003
Pit toilet (ventilated)		36 442	36 442	36 442	36 442	36 442	36 442	36 442	36 442	36 442
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		50 244	50 244	50 244	50 244	50 244	50 244	50 244	50 244	50 244
Bucket toilet		1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529
Other toilet provisions (< min.service level)		79 029	79 029	79 029	79 029	79 029	79 029	79 029	79 029	79 029
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		80 558	80 558	80 558	80 558	80 558	80 558	80 558	80 558	80 558
Total number of households	5	130 802	130 802	130 802	130 802	130 802	130 802	130 802	130 802	130 802
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		96 593	96 593	96 593	96 593	96 593	96 593	96 593	96 593	96 593
<i>Minimum Service Level and Above sub-total</i>		96 593	96 593	96 593	96 593	96 593	96 593	96 593	96 593	96 593
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		12 222	12 222	12 222	12 222	12 222	12 222	12 222	12 222	12 222
<i>Below Minimum Service Level sub-total</i>		12 222	12 222	12 222	12 222	12 222	12 222	12 222	12 222	12 222
Total number of households	5	108 815	108 815	108 815	108 815	108 815	108 815	108 815	108 815	108 815
Refuse:										
Removed at least once a week		12 095	12 095	12 095	12 095	12 095	12 095	12 095	12 095	12 095
<i>Minimum Service Level and Above sub-total</i>		12 095	12 095	12 095	12 095	12 095	12 095	12 095	12 095	12 095
Removed less frequently than once a week		882	882	882	882	882	882	882	882	882
Using communal refuse dump		2 835	2 835	2 835	2 835	2 835	2 835	2 835	2 835	2 835
Using own refuse dump		95 483	95 483	95 483	95 483	95 483	95 483	95 483	95 483	95 483
Other rubbish disposal		933	933	933	933	933	933	933	933	933
No rubbish disposal		18 574	18 574	18 574	18 574	18 574	18 574	18 574	18 574	18 574
<i>Below Minimum Service Level sub-total</i>		118 707	118 707	118 707	118 707	118 707	118 707	118 707	118 707	118 707
Total number of households	5	130 802	130 802	130 802	130 802	130 802	130 802	130 802	130 802	130 802
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		41 610	41 610	41 610	41 610	41 610	41 610	41 610	41 610	41 610
Electricity /other energy (50kwh per household per month)		86 837	86 837	86 837	86 837	86 837	86 837	86 837	86 837	86 837
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)		123	123	123	123	123	123	123	123	123
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		5 465	8 087	7 778	6 000	6 000	6 000	6 270	6 558	6 866
Total cost of FBS provided		5 588	8 210	7 902	6 123	6 123	6 123	6 393	6 682	6 998

Part 2: Supporting documents

2.1 Overview of the annual budget process

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

Section 21(1)(b) of the Municipal Finance Management Act (MFMA) (no. 56 of 2003) generally echoes Section 28(1) of the Municipal Systems Act (MSA) (no. 32 of 2000) by prescribing that the Mayor of the Municipality must at least 10 months before the commencement of the financial year, table in the Council a time schedule outlining key deadlines for the preparations, tabling and approval of the annual budget and also the review of the Integrated Development Plan.

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

The primary aim of the budget steering committee is to ensure;

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

LIM476 Tubatse Fetakgomo - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		94 194	129 495	112 262	138 115	140 902	140 902	95 753	147 243	154 016	161 101
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		-			-	-	-	7 950	-	-	-
Net Property Rates		94 194	129 495	112 262	138 115	140 902	140 902	87 803	147 243	154 016	161 101
Service charges - refuse revenue											
Total refuse removal revenue	6	14 332	17 975	21 648	14 133	24 805	24 805	16 481	25 921	27 114	
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		123	123	123	123	123	123		123	123	
Net Service charges - refuse revenue		14 209	17 852	21 525	14 010	24 682	24 682	16 481	25 798	26 990	
Other Revenue by source											
Fuel Levy											
Other Revenue		25 960	4 119	9 414	6 287	2 144	2 144	713	2 041	2 135	
Total 'Other' Revenue	1	25 960	4 119	9 414	6 287	2 144	2 144	713	2 041	2 135	

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											
Consumer debtors											
Consumer debtors		129 666	64 627	84 765	164 168	186 168	186 168	500 566	176 168	184 272	192 740
Less: Provision for debt impairment		-	-	-	-	-	-	(342 520)	-	-	-
Total Consumer debtors	2	129 666	64 627	84 765	164 168	186 168	186 168	158 046	176 168	184 272	192 740
Debt impairment provision											
Balance at the beginning of the year		-	-	(141 255)	-	-	-	(342 298)	-	-	-
Contributions to the provision		-	(25)	(201 043)	-	-	-	(208)	-	-	-
Bad debts written off		-	(485)	-	-	-	-	(15)	-	-	-
Balance at end of year		-	(510)	(342 298)	-	-	-	(342 520)	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/v valuation (excl. finance leases)		2 222 690	2 330 588	2 914 526	147 087	1 797 070	1 797 070	2 957 077	1 762 287	1 832 226	1 931 280
Leases recognised as PPE	3	-	-	2 315	4 700	3 700	3 700	2 564	9 300	7 000	-
Less: Accumulated depreciation		-	-	727 648	-	-	-	727 648	-	-	-
Total Property, plant and equipment (PPE)	2	2 222 690	2 330 588	2 189 193	151 787	1 800 770	1 800 770	2 231 992	1 771 587	1 839 226	1 931 280
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		-	-	-	-	-	-	-	-	-	-
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Trade and other payables											
Trade Payables	5	167 112	151 035	81 113	(61 403)	(65 065)	(65 065)	34 364	47 500	57 778	60 430
Other creditors		-	14 024	9 394	-	-	-	-	-	-	-
Unspent conditional transfers		-	80 046	142 439	-	91 254	91 254	156 247	34 250	-	-
VAT		-	-	-	-	-	-	21 145	-	-	-
Total Trade and other payables	2	167 112	245 104	232 947	(61 403)	26 189	26 189	211 755	81 750	57 778	60 430
Non current liabilities - Borrowing											
Borrowing	4	-	11 778	10 607	(9 278)	(9 278)	(9 278)	10 685	(9 278)	(9 704)	(10 150)
Finance leases (including PPP asset element)		-	54 592	-	-	-	-	6 412	-	-	-
Total Non current liabilities - Borrowing		-	66 370	10 607	(9 278)	(9 278)	(9 278)	17 097	(9 278)	(9 704)	(10 150)
Provisions - non-current											
Retirement benefits		-	-	28 282	-	-	-	(582)	-	-	-
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-	-
Other		66 572	-	16 366	-	-	-	-	-	-	-
Total Provisions - non-current		66 572	-	44 648	-	-	-	(582)	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		2 472 033	2 600 290	2 167 816	(365 921)	1 914 843	1 914 843	2 105 021	1 984 714	2 041 975	2 164 160
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		2 472 033	2 600 290	2 167 816	(365 921)	1 914 843	1 914 843	2 105 021	1 984 714	2 041 975	2 164 160
Surplus/(Deficit)		123 186	(273 106)	50 543	155 357	163 092	163 092	304 329	137 106	161 561	146 560
Transfers to/from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	(146 191)	(118 929)	100 560	(1 555)	(1 555)	(1 916)	-	-	-
Accumulated Surplus/(Deficit)	1	2 595 219	2 180 993	2 099 429	(110 004)	2 076 380	2 076 380	2 407 434	2 121 820	2 203 536	2 310 720
Reserves											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	2 595 219	2 180 993	2 099 429	(110 004)	2 076 380	2 076 380	2 407 434	2 121 820	2 203 536	2 310 720

LIM476 Tubatse Fetakgomo - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	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	
R thousand													
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				-	32 447	45 246	40 498	55 231	55 231	56 902	58 419	61 107	
FINANCIAL VIABILITY				-	500 596	506 239	585 852	594 723	594 723	639 024	688 071	733 569	
LOCAL ECONOMIC DEVELOPMENT				-	452	803	253	603	603	630	659	689	
INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY				-	-	47 445	84 369	-	-	-	-	-	
SPARTIAL RATIOLE				-	-	-	487	487	487	509	532	556	
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and contributions)				1	-	533 495	599 733	711 458	651 043	651 043	697 065	747 681	795 921

LIM476 Tubatse Fetakgomo - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	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	
R thousand													
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				-	249 236	271 732	302 502	298 542	298 542	320 802	337 021	355 585	
FINANCIAL VIABILITY				-	133 105	120 827	108 705	135 793	135 793	145 121	152 377	160 002	
LOCAL ECONOMIC DEVELOPMENT				-	7 058	8 171	12 302	11 012	11 012	12 863	21 605	25 016	
INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY				-	242 515	138 221	123 230	152 309	152 309	146 530	150 572	190 270	
SPARTIAL RATIOLE				-	10 118	9 710	29 365	18 903	18 903	18 443	15 732	15 076	
Allocations to other priorities													
Total Expenditure				1	-	642 031	548 661	576 104	616 560	616 560	643 760	677 306	745 949

LIM476 Tubatse Fetakgomo - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	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
R thousand												
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				-	14 411	31 518	55 270	33 324	33 324	32 987	23 971	6 834
FINANCIAL VIABILITY				-	6 090	-	-	-	-	1 000	1 500	500
LOCAL ECONOMIC DEVELOPMENT				-	(10 004)	-	-	-	-	-	-	-
INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY				-	25 959	43 699	98 987	129 418	129 418	102 319	102 054	131 883
SPARTIAL RATIOLE				-	26	-	1 100	350	350	800	-	-
Allocations to other priorities			3									
Total Capital Expenditure			1	-	36 483	75 217	155 357	163 092	163 092	137 106	127 525	139 217

LIM476 Tubatse Fetakgomo - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.9%	0.3%	0.5%	0.5%	0.4%	0.4%	0.8%	0.4%	0.3%	0.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.1%	1.4%	1.6%	1.3%	1.1%	1.1%	1.6%	0.9%	0.9%	0.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	2.5	0.5	0.8	6.3	6.0	6.0	1.7	2.5	3.4	3.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.5	0.5	0.8	6.3	6.0	6.0	1.7	2.5	3.4	3.4
Liquidity Ratio	Monetary Assets/Current Liabilities	1.2	0.0	0.4	9.0	1.6	1.6	0.9	0.7	0.9	0.9
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	45.8%	113.8%	113.8%	125.4%	42.1%	41.1%	41.1%	65.2%	41.9%	41.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		45.8%	113.8%	125.4%	42.1%	41.1%	41.1%	65.2%	41.9%	41.9%	41.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	55.6%	19.7%	18.1%	23.1%	28.7%	28.7%	34.2%	25.4%	24.8%	24.4%

Employee costs	Employee costs/(Total Revenue - capital revenue)	28.3%	30.7%	30.9%	31.6%	30.4%	30.4%	23.3%	30.1%	30.9%	30.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	36.2%	35.0%	36.4%	35.5%	35.5%		35.2%	35.9%	35.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	19.4%	0.8%	1.7%	3.9%	3.9%		5.6%	5.5%	5.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	22.4%	21.4%	21.3%	11.3%	16.3%	16.3%	0.2%	12.9%	12.4%	16.2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	12.3	43.2	29.4	20.1	20.1	20.1	11.7	14.7	14.7	15.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	224.7%	72.0%	74.8%	107.6%	112.8%	112.8%	181.4%	102.1%	102.1%	102.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	10.0	0.1	2.9	1.5	1.5	1.5	2.7	1.7	3.0	4.4

2.3 Overview of budget assumptions

An advice from National Treasury circular 58 and 59 was taken into account in preparing the budget. The municipalities revenues will continue to be under pressure owing to a general decline in the world and domestic economy which has put economic pressures on the household and therefore advises municipalities to use a conservative approach when making revenue estimates. The COVID 19 pandemic in this regard also informs the deteriorating economy.

Municipalities must pay special attention to controlling unnecessary spending on nice-to-have items and non-essential activities. The following examples of non-priority expenditure have been observed, and need to be eliminated:

- excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;
- public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);
- LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
- excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
- arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
- excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);
- excessive luxurious office accommodation and office furnishings;
- foreign travel by mayors, councillors and officials, particularly 'study tours';
- excessive councillor and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances.

- excessive staff in the office of the mayor – particularly the appointment of political ‘advisors’ and ‘spokespersons’;
- ✓ all donations to individuals that are not made in terms of the municipality’s indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
- ✓ costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or ‘golden handshakes’; and
- ✓ the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants.

Principles guiding the budget process

- ✓ Ensuring that expenditure is aligned to revenue and that the municipality has sufficient cash to finance the expenditure.
- ✓ Ensure that the municipality avoids borrowings due to the dependence on grant revenue
- ✓ Ensure that the municipality maintains sufficient reserves for rainy days and capital expansion.
- ✓ Ensure that the budget respond to priorities enlisted in the IDP.
- ✓ Review of all programmes and cost centres to minimise wastage.
- ✓ Reprioritisation of expenditure programmes to curb the growing personnel and operating expenditure.
- ✓ Ensure that services are cost reflective, affordable and sustainable.
- ✓ Ensure that realistic revenue targets are set based on trends.
- ✓ Follow the national guide on salary and CPI projections.

2.4 Overview of budget related-policies

The budget related policies will be circulated for consultation in April. The following are such policies;

A. SUPPLY CHAIN MANAGEMENT POLICY

The supply chain management policy has been reviewed in the second quarter but presented as part of budget related policies

B. ASSET MANAGEMENT POLICY

The asset management policy has been reviewed in the second quarter but presented as part of budget related policies

C. WRITE OFF POLICY

This policy is subject to review and is attached as annexure B

D. THE CREDIT CONTROL AND DEBT COLLECTION POLICY.

This policy is subject to review and is attached as annexure

E. BUDGET MANAGEMENT POLICY

This policy is subject to review and is attached as annexure B

F. VIREMENT POLICY

This policy is subject to review and is attached as annexure B

G. CASH MANAGEMENT AND INVESTMENT POLICY

This policy is subject to review and is attached as annexure B

H. TARIFF POLICY

This policy is subject to review and is attached as annexure B

I. INDIGENT MANAGEMENT POLICY

This policy is subject to review and is attached as annexure B

J. PROPERTY RATES POLICY

This policy is subject to review and is attached as annexure B.

K. COST CONTAINMENT POLICY

This policy is subject to review and is attached as annexure B.

L. STANDARD FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT

This policy is subject to review and is attached as annexure B.

M. INSURANCE POLICY

All the above policies are available on the municipality's website.

LIM476 Tubatse Fetakgomo - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2020/21											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand																
Revenue By Source																
Property rates		12 270	12 270	12 270	12 270	12 270	12 270	12 270	12 270	12 270	12 270	12 270	12 270	147 243	154 016	161 101
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		2 160	2 160	2 160	2 160	2 160	2 160	2 160	2 160	2 160	2 160	2 160	2 037	25 798	26 990	28 238
Rental of facilities and equipment		36	36	36	36	36	36	36	36	36	36	36	36	427	446	467
Interest earned - external investments		624	624	624	624	624	624	624	624	624	624	624	624	7 486	7 831	8 191
Interest earned - outstanding debtors		2 911	2 911	2 911	2 911	2 911	2 911	2 911	2 911	2 911	2 911	2 911	2 911	34 929	36 535	38 216
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		285	285	285	285	285	285	285	285	285	285	285	285	3 419	3 577	3 741
Licences and permits		1 209	1 209	1 209	1 209	1 209	1 209	1 209	1 209	1 209	1 209	1 209	1 332	14 632	15 299	15 998
Agency services		415	415	415	415	415	415	415	415	415	415	415	415	4 981	5 210	5 450
Transfers and subsidies		38 009	38 009	38 009	38 009	38 009	38 009	38 009	38 009	38 009	38 009	38 009	38 009	456 109	495 641	532 287
Other revenue		170	170	170	170	170	170	170	170	170	170	170	170	2 041	2 135	2 233
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		58 089	58 089	58 089	58 089	58 089	58 089	58 089	58 089	58 089	58 089	58 089	58 089	697 065	747 681	795 921
Expenditure By Type																
Employee related costs		17 486	17 486	17 486	17 486	17 486	17 486	17 486	17 486	17 486	17 486	17 486	17 484	209 827	230 808	245 233
Remuneration of councillors		2 974	2 974	2 974	2 974	2 974	2 974	2 974	2 974	2 974	2 974	2 974	2 974	35 685	37 915	40 285
Debt impairment		6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	73 150	76 515	80 035
Depreciation & asset impairment		7 390	7 390	7 390	7 390	7 390	7 390	7 390	7 390	7 390	7 390	7 390	7 390	88 677	91 710	128 230
Finance charges		80	80	80	80	80	80	80	80	80	80	80	80	955	999	1 045
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		318	318	318	318	318	318	318	318	318	318	318	318	3 822	3 997	4 181
Contracted services		10 834	10 834	10 834	10 834	10 834	10 834	10 834	10 834	10 834	10 834	10 834	10 833	130 002	128 615	133 676
Transfers and subsidies		111	111	111	111	111	111	111	111	111	111	111	111	1 332	1 393	1 457
Other expenditure		8 359	8 359	8 359	8 359	8 359	8 359	8 359	8 359	8 359	8 359	8 359	8 359	100 310	105 353	111 807
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		53 647	53 647	53 647	53 647	53 647	53 647	53 647	53 647	53 647	53 647	53 644	53 644	643 760	677 306	745 949
Surplus/(Deficit)		4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 445	53 305	70 375	49 972
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		6 983	6 983	6 983	6 983	6 983	6 983	6 983	6 983	6 983	6 983	6 983	6 983	83 797	91 183	96 588
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	3	3	3	4
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		11 425	11 425	11 425	11 425	11 425	11 425	11 425	11 425	11 425	11 425	11 425	11 431	137 106	161 561	146 563
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	11 425	11 425	11 425	11 425	11 425	11 425	11 425	11 425	11 425	11 425	11 425	11 431	137 106	161 561	146 563

2.7 Legislation compliance status

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

1. In year reporting

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

2. Internship programme

The municipality is participating in the Municipal Internship Programme and has deployed five interns undergoing training in various divisions of the Budget and Treasury Office.

Budget and Treasury Office

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

3. Audit Committee

An audit committee has been established and is fully functional.

4. Service Delivery and Implementation Plan

The detailed SDBIP document has been draft and will be signed by the Mayor within 10 working days post the adoption of the annual budget. The SDBIP is fully aligned to the IDP and budget.

5. Annual Report

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

