

# **NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY**

## **ANNUAL BUDGET OF NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY**

**2020/21 – 2022/23**

### **MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK**

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# **MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR 2020/21 TO 2022/23 FINANCIAL YEARS**

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## **1. PART 1 – ANNUAL BUDGET**

### **1.1 Purpose**

The purpose of the report is to table annual 2020/21 Medium- Term Revenue and Expenditure Forecast (MTREF) before Council in terms of Section 24 (1) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) for consideration and adoption.

### **1.2 Legislative background**

In terms of Municipal Finance Management Act, No. 56 of 2003, Chapter 4, Section 24, approval of annual budget – (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 approval 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 resolutions 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 revenue from each source and for each vote in the budget;
  - iv) approving any changes to the municipality 's integrated development plan; and
  - v) approval any changes to the municipality's budget policies.

3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

### **1.3 Mayoral Report**

Madam Speaker

Chief Whip

Members of Mayoral Committee

Ordinary Councillors

Traditional Leaders

Municipal Manager and Senior Managers

Members of Media Houses

Community of Ngaka Modiri Molema District

Civil Society

Religious Groups; and

The house at large

Greetings to all

Madam Speaker, on 15 March 2020, President Cyril Ramaphosa declared a national state of disaster in South Africa in terms of the Disaster Management Act of 2002, following the declaration of the global COVID-19 pandemic by the World Health Organisation (WHO). This announcement forced the National Government including the two spheres of government to act swiftly to minimise the economic impact of the pandemic and secondly to make means to redirection/or reprioritise of resources to fight against the novel coronavirus.

Following this directive, on the 21<sup>st</sup> April 2020, the President announced a R500 billion fiscal support package that includes spending towards COVID-19 priorities. In support of this package, the National Treasury published a document title "Economic Measures for COVID-19" which

presented a breakdown of R500 billion fiscal response. Table 1 below shows a breakdown of COVID-19 fiscal response package announced by National Treasury.

**Table 1: National Treasury COVID-19 fiscal response package**

<b>Fiscal Response Package</b>	<b>R billion</b>
Credit Guarantee Scheme	200 000
SMME and informal business support	100 000
Job creation and protection	70 000
Measures for income support (further tax deferrals, SDL holiday and ETI extension)	
Support to vulnerable households for 6 months.	50 000
Wage protection (UIF)	40 000
Health and other frontline services	20 000
Support to municipalities	20 000
<b>Total</b>	<b>500 000</b>

As highlighted above, all allocation to municipalities was very minimal, as little as R 20 billion for 278 municipalities across the country. Madam Speaker, during the 2019/20 special budget adjustment the municipality were allocated R745 thousand as disaster relief grant deposited by North West: Department of Cooperative Governance and Traditional Affairs. Beyond this allocation, we still have an obligation to respond to COVID-19 pandemic. Simply put, we have to with provision of services including the delivery of clean water, decent sanitation, and most importantly create safe and healthy environment for our local inhabitants.

Honourable Members let me give thanks to our national government for their decisive action towards responding to COVID-19 pandemic. Most significantly, the World Health Organisation and our National Coronavirus Command Council for their support to our government in response to COVID-19 pandemic. Furthermore, credit must be given to our essential services officials who worked tirelessly to ensure that our people are safe and continues to receive government services in time.

Madam Speaker, I am sure every members of council seating here today are aware about the damage caused by novel coronavirus. As it stands, some commentators including the National Treasury has already projected between 1 million and 7 million jobs bloodbath in South Africa. Worse, the major credit rating agencies (Moody's, Standard and Poor's and Fitch) has downgraded our long-term foreign and local debt ratings to Ba1 from Baa3 which added a notch up to our problems. This crisis of downgrading is blamed on weak structural growth and constrained capacity to stimulate the economy, and inexorable rise in government debt over the medium term which contribute further on South African outlook. So, the impact of the downgrading combined with the COVID-19 pandemic has far reaching consequences on the delivery of goods and services by the municipality.

**Council Members, the following is the summary of the medium-term service delivery objectives and associated medium-term financial implications contained in the 2020/21 annual budget.**

In response to COVID-19 pandemic, the municipality has budget R 5,520 million in the 2020/21 annual budget. Below, is the list of main budget allocations for 2020/21 financial year.

- Disinfections of municipal facilities - R 150,000 thousand
- Sanitizers - R 500,000 thousand
- Masks - R 100,000 thousand
- Latex gloves - R 30,000 thousand
- Hand Soaps - R 200,000 thousand
- Thermometers & Batteries - R 40,000 thousand
- Water tankering (COVID-19 response) - R 4,5 million

Still on our economic outlook, Madam Speakers I support the Minister of Finance, Mr. Tito Mboweni who said " Therefore, to say we are not concerned and trembling in our boots about what might be in the coming weeks and months is an understatement". In other words, fixing the current economy and post COVID-19 remains our priority. In that manner, we must develop a COVID-19 exit strategy and prepare our self from re-opening of our economy through the ease of lockdown restriction.

Madam Speaker, I am happy about the ground-breaking story announced by the President of South Africa on the 17<sup>th</sup> June 2020, which gave us a hope to the treatments of COVID-19 pandemic. As reported by the President, the drug called dexamethasone was found responsive to COVID-19 patients who are critically ill, especially those who are on ventilators and oxygen supply. According to the study conducted by the University of Oxford in Britain, this drug has potential to reduce COVID-19 pandemic deaths. However, this does not mean that we should forget about precautionary measures that we need to take fighting the scourge of the COVID-19 pandemic.

Honourable Members let me remind you all about precautionary measures to be taken in order to reduce the scourge of COVID-19 pandemic.

Firstly,

- Wash your hand often
- Avoid close contact
- Cover your mouth and nose with a cloth face cover when around others
- Cover your coughs and sneezes
- Clean and disinfect
- Monitor your health
- Be alert for the symptoms
- Take your temperature regularly

By adhering to the above precautionary measures, indeed together we can flatten the curve.

Madam Speaker let me take this opportunity to thank the North West: Department of Health under the leadership of Hon. MEC Madoda Sambatha, and our local municipalities in their efforts to fight the spread of COVID-19. According to the North West: Department of Health latest reports, it appears that the COVID-19 cases are increasing in Ngaka Modiri District and, for the entire North West Province Bojanala District (Rustenburg) and Dr Kenneth Kaunda (Klerksdorp) remains our main hotspots. However, the department is inviting all unemployed medical officers, medical specialist, dentists, pharmacists, professional nurses, staff nurses, nursing assistants, therapeutic, diagnostic and other related Allied health professionals to join hands together in fight

of the COVID-19 pandemic. According to the Department of Health, this commitment will increase the response to this life-threatening pandemic.

Amid of this life-destroying pandemic, I would also like to condemn gender base violence (GBV) against women and children as reiterated by the President. Honourable Members, it is shocking to that realize that over the past few weeks no fewer than 21 women and children have been murdered in this country. These statistics have been reported by the Minister of Police and confirmed by the President during the nation address on the 17 June 2020. Madam Speaker, indeed, we are a sick nation filled rapists and killers. As commended by the President, I agree that we all stakeholders to fight the scourge of GBV, government alone will not make to fight this worrying 2<sup>nd</sup> pandemic called gender-based violence.

Madam Speaker let me extend my sincere gratitude to our former statemen, President Thabo Mbeki for his 78<sup>th</sup> birthday this month which was on the 18 June 2020. Indeed, President Thabo Mbeki has played an important role in this country, and most remarkably, his continued commitment to the realisation of a better South Africa for all, and his long-life contribution to idea of African Renaissance. Madam Speaker, I can never stop talking about this stalwart for as long as our democracy exist. In addition to that, I would like to greet all young men and women of our country who celebrated 44<sup>th</sup> anniversary on the 16 June. For me, these young men and women will be remembered and celebrated for their defiance to the apartheid system. As results, we must salute them for what they fought for, freedom for all. Going forward, we should continue to put more efforts in matters that confronts our young people of today and our future generation.

Madam Speaker, in his State of the National Address (SoNA) to Parliament on 13 February 2020, President Cyril Ramaphosa said: 'The greatest strength of our constitutional democracy, and the reason it has endured, is because we have been able to forge broad-based coalitions and social compacts, be they with business, labour, special interest groups or wider civil society'. This statement by the President reminds us that the Bill of Rights is a cornerstone of our democracy in South Africa. Therefore, as a third sphere of government, our role is to change livelihood of our people through in which local communities can access basic services such as decent sanitation, clean water and proper roads. By so doing, it means we will be affirming our democratic values of human dignity, equality and freedom of our people. Critical to this, we must learn to negotiate, compromise and peacefully settle matters affecting our people without turning our back to them.

Section 152 (1)(e) of the Constitution of Republic of South Africa, 1996 provides that the local government including our district , must encourage the involvement of local communities and community organisations in the matters of local government and, strive within its financial and administrative capacity to achieve the objects set out in subsection (1) of this act.

After that, Minister of Finance, Tito Titus Mboweni during 2020 Budget Speech said the following words: “Mr. President you have directed your government to deal with wasteful expenditure. This is a vital step in restoring the confidence of the public in the government. We must get more value for our money. The President’s instruction requires a dynamic and appropriate mix of quantity, quality, capacity and capability in the administration of the state”. Thus, this story tells us that, as government of today we have the responsibility to spend public funds in an effective, efficient and economic manner. Most importantly, this reminds us that we must account for our actions.

Madam Speaker we are not immune to the harsh economic realities associated with the current recession in South Africa. Undoubtedly, this economic downturn affected the pace at which the we can address service delivery backlogs, specifically regarding water and sanitation projects. Moreover, the COVID- 19 lockdown restrictions have added more to our problems. On the other hand, the Eskom power cuts crisis also affected our water supply to our residents especially those of rural communities. This in its own has far-reaching consequences to our water supply system which use diesel as power generation mechanism.

In his State of North West Province address, the Premier, Prof Job Mokgoro said that : “In an effort to minimize the scourge of drought and general water shortage, we will build government borehole sighting, drilling and reticulation capacity aimed mainly at livestock watering provision with a further potential to assist with human drinking water where necessary”. In pursuit of the above commitment, the Municipality has tightened its spending belt in the 2020/21 MTREF budget by eliminating “nice-to-have” items and reprioritize core services and finally approve reasonable and affordable expenditures.

For 2020/21 budget year, the municipality has set aside R 641,855 million for basic services and infrastructure investment as the area of focus. This amount includes but not limited to the following allocations:

- Water management R 150,834 million
- Waste-Water management R 159,200 million
- Road transport R 2,561 million
- Municipal Running Costs, Repairs & Maintenance and Transfers to locals R 329,260 million

**Madam Speaker, I now present a summary of the linkages between the annual budget, the integrated Development Plan and the political priorities at national, provincial, district and local levels.**

In line with Section 21(1) (b) of the Municipal Finance Management Act (MFMA) (56 of 2003) a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget, as well as the annual review of the IDP and budget related policies was approved by Council before end August 2018 (or 10 months before the start of the budget year – 2020/21 to 2021/22). The central role played by our local's, communities, Ward Committees, Ward Councillors, business formations and the NGOs are what is so vital in giving life to the IDP. Both political and administrative leadership undertook detailed public participation processes during the period February/March specifically assessing the needs of the communities which must inform the budget processes going forward.

I must further state that the budget tabled today before Council is for consideration and adoption in line with Chapter 4 of the MFMA for further consultations with all the relevant or critical key stakeholders including but not limited to the (i) communities, (ii) business sector and other formations and (iii) National / Provincial Treasuries. The budget being tabled to Council today has undergone a complete revamp in order to ensure that spending of the ratepayer's money is closely monitored and there shall be no spending on the "nice-to-have" but rather on priority projects. As mandated by National Treasury spending on items such as "discretionary accounts" are to be the thing of the past and priority must be given to service delivery. I must emphasize that the budget presented to Council today for noting is in line with the Municipal Standard Chart of Accounts (mSCOA), and as we are aware the Regulation do not promote budgeting for any expenditure that is not detailed in order to promote good financial management.



Additionally, Council must note that this annual IDP and 2020/21 budget was subjected to the scrutiny of National Treasury, SALGA, Department of Cooperative Governance and Traditional Affairs, and other relevant stakeholders. Secondly, for the purpose of public participation, the municipality used media platforms as advised by the national government due COVID-19 pandemic. The work undertaken by all role-players in preparing both documents for tabling to Council is appreciated from the respective MMC's, Municipal Manager, Senior Managers and all other leading role-players. However, we should understand that 2020/21 budget process was not an easy task since this lockdown restriction. The challenge is that our ICT infrastructure does not have capacity to reach out to our people in big numbers. Going forward, we need to re-think 4<sup>th</sup> Industrial Revolution as a solution to our emerging consultation problem.

Going forward, I will expect both political and administrative leadership to work even harder to undertake all the necessary steps to ensure that our communities are involvement in the affairs of the municipality. Speaking of the linkages between our priorities and those of other spheres of government, we have not done much as far as socioeconomic development is concern. As it stands, majority of our people are still trapped under extreme poverty and high unemployment. This is a concerning for me, and as the district we must commit yourself to this struggle.

Added to the above, we have poorly located and ageing infrastructure that limits social inclusion and growth. Our local communities in the rural areas struggle to access water, electricity, healthcare, proper sanitation and everything that is easily accessible in urban areas. This is also influenced by income levels. Basically, most of our poor people do not have access to infrastructure, and the rich do. In that view, we must increase our pace. In addressing the above problems, for 2020/21 budget year an amount of R130,410 million has been budgeted for repairs and maintenance of water supply infrastructure projects throughout the district. The remainder shows 2020/21 financial year repairs & maintenance allocations.

- Boreholes R 28,210 million
- Water distribution R 51,000 million
- Waste-Water Treatment Works R 51,200 million

The following are the main biggest projects that will be funded by our equitable shares, namely:

• Renovations of fire stations	R 10 million
• Procurement of porter camps	R 25 million
• Transport Assets	R 17,5 million
• Drilling and equipment of boreholes	R 6 million
• Transfers to local municipalities	R 50 million
• Bulk purchases	R 18,5 million
• Personal protective equipment	R 6 million
• Supply & Delivery of Water Material	R 14,4 million
• Acquisition of land	R 2 million

Over and over, the performance of the public service has been reported as uneven. To some degree, other people term it as atrocious. Although the National Development Plan Vision 2030 alongside with the Constitution of Republic of South Africa, 1996 which forces us to professionalise public service. At this end, it appears that we are far to reach this legislative mandate. That means, Ngaka Modiri Molema is not immune to the above call since we are the catalyst of change, or rather the closest to the people amongst other spheres of government. The emphasis is that, we exist to serve the people not our own interests. To show the seriousness, the Minister of Public Administration, Senzo Mchunu has announced partnership between National School of Government and Universities to provide management training for public servants nationwide. Moreover, the National School of Government has concluded and signed a partnership with the following higher learning institutions:

- University of the Free State (UOFS)
- North-West University
- University of Fort Hare
- University of the Western Cape and,
- Tshwane University of Technology

Madam Speaker, we need to take advantage of this arrangements so that we can professionalize our district for the purpose of delivering integrated services, promotion and implement sound

management and leadership principles within the context of people-oriented development services.

**Honourable Members, I further present a summary of infrastructure development objectives for the annual budget.**

For 2020/21 MTREF, an amount of R 290,314 million has been budgeted for water and sanitation infrastructure development project, which is funded by MiG. The following is the breakdown of budget allocations per project, per district. Full details can be viewed on MBRR Supporting Table SA36.

#### **Water Projects**

- Ditsobotla Local Municipality - R 50,433 million
- Mahikeng Local Municipality - R 200 thousand
- Ramotshere-Moiloa Local Municipality - R 32,313 million
- Ratlou Local Municipality - R 31,168 million
- Tswaing Local Municipality - R 17 million

#### **Sanitation Projects**

- Ditsobotla Local Municipality - R 56 million
- Ramotshere-Moiloa Local Municipality - R 73,200 million
- Sawing Local Municipality - R 30 million

Another important issue to be considered is the unspent conditional grant as result of reprioritization of 2019/20 MiG fund which will be implemented in 2020/21 MTREF. Madam Speaker, it should be remembered that these projects were prioritized as results COVID-19 pandemic, and due to the administrative and technical issues, these projects will form part of our rollover for 2020/21 budget year. Notably, the North West Provincial CoGTA working together with Municipal Infrastructure Support Agency (MISA) has facilitated the process of projects screening with Regional Department of Water and Sanitation (DWS) on whether the water and sanitation projects are technically viable and would contribute towards curbing the spread of the novel coronavirus. Just a reminder, R32 million projects were prioritised against R 299, 499

million of MiG which was initially allocated in the 2019/20 financial year. Below is the list of approved prioritised projects of R32 million with region, project description and allocation.

**Table 2: Approved MiG reprioritised COVID-19 projects**

Region	Project Description	Allocation (R'000)
Middleton C	<ul style="list-style-type: none"> <li>Pump test and equip 02 existing boreholes at Middleton C and erect the 04 Km bulk pipeline to the storage tank</li> </ul>	<ul style="list-style-type: none"> <li>R 4,5 million</li> </ul>
Atamelang	<ul style="list-style-type: none"> <li>Drilling 3 borehole and equip, construct a bulk line and connect to the storage Tank</li> </ul>	<ul style="list-style-type: none"> <li>R 5 million</li> </ul>
Welbedagcht Unit 1- Manchester Section.	<ul style="list-style-type: none"> <li>Drill and equip an estimation of 03 boreholes, construct a bulk pipeline and connect to existing storage</li> </ul>	<ul style="list-style-type: none"> <li>R 4 million</li> </ul>
Besiesvlei	<ul style="list-style-type: none"> <li>Drill and equip an estimation 06 boreholes, bulk pipeline</li> </ul>	<ul style="list-style-type: none"> <li>R 5 million</li> </ul>
Madibogo - Ramabesa	<ul style="list-style-type: none"> <li>Drill and equip an estimation of 02 additional boreholes, construct 100kl storage tank and connect to the network</li> </ul>	<ul style="list-style-type: none"> <li>R 5 million</li> </ul>
Ottosdal	<ul style="list-style-type: none"> <li>Refurbishment of Ottosdal Waste- Water Treatment plant- Mechanical and Electrical</li> </ul>	<ul style="list-style-type: none"> <li>R 8,5 million</li> </ul>

As highlighted recorded above, these areas have been prioritized from a list of 127 villages which were identified as hotspot villages where there is no reliable water supply. Within same total number of 127 villages, the 78 villages are already addressed using the previous Drought Relieve Funding and the rest of the villages are currently addressed through water tankering. For the purpose of oversight and monitoring, the performance of these projects will be reported to Council, Department of Water and Sanitation and Department of Cooperative Governance and Traditional Affairs through the MIGMIS system.

The capital expenditure budget funded from equitable shares and internally generated funds amounts to R 72, 409 million and it includes:

- Renovations of fire stations R 10 million
- Procurement of fire & rescue porter camps R 25 million
- Computer Software R 4,676 million
- Computer equipment R 5,878 thousand
- Furniture and Office equipment R 1, 206 million
- Machinery and Equipment R 150 thousand
- Transport Assets R 17, 5 million
- Drilling and equipment of boreholes R 6 million
- Acquisition of land R 2 million

In totality, the municipality has budget R1,324,654 billion for Operating and Capital expenditure budget in the 2020/21 fiscal year. Below, are the details of operating and capital expenditure budget per vote.

- Basic Services and Infrastructure Investment R 641,855 million
- Local economic development R 26,165 million
- Good governance and Communities participation R 46,022 million
- Sound financial management and administrative capacity R 284, 921 million
- Municipal Transformation and Institutional development R 118,411 million
- To promote safe and healthy environment R 207, 281 million

## 1.4 Resolutions

1. The Council of Ngaka Modiri Molema District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes the following:

1.1.1 The annual budget of the municipality for the financial year 2020/21 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.2 Budgeted Financial Performance (revenue and expenditure by standard classification);

1.1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote);

1.1.4 Budgeted Financial Performance (revenue by source and expenditure by type);

1.1.5 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source;

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1. Budgeted Financial Position;

1.2.2. Budgeted Cash Flows;

1.2.3. Cash backed reserves and accumulated surplus reconciliation;

1.2.4. Asset management; and

1.2.5. Basic service delivery measurement.

2. The Council of Ngaka Modiri Molema District Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) notes the following tariffs for public consultation:

2.1.1 The tariffs for service trucks;

2.1.2 The tariffs for the water services;

2.1.3 The tariffs for sanitation services;

2.1.4 The tariffs for tender documents; and

2.1.5 The tariffs for municipal health services.

## 1.5 Executive Summary

The preparation of 2020/21 MTREF budget was extremely challenging considering the impact of COVID-19 alongside with downgrading to junk status. This means that this will have a potential impact on core service delivery costs and revenue component of the municipality. In so far, it should be remembered that we are 100% grant reliance, and if national government revised the allocations downwards due to recession the municipality will be found wanting. So, this uncertainty has forced the municipality to take key consideration for the compilation of the 2020/21 MTREF budget. Some of key components was to ensure a long-term financial sustainability by stabilizing the cash flow position, while also ensuring continued improved service delivery to the residents of Ngaka Modiri Molema District.

Beyond cashflow position, the 2020/21 MTERF budget has extended current baseline allocations to provide for the rapidly changing economic conditions and enable spending on the COVID-19 response. A revised fiscal framework will account for substantial expenditure increase emanating from the economic shock of the pandemic and subsequent lockdown restriction. As highlighted by the Executive Mayor, the municipality is in the processes of developing a COVID-19 exit strategy which will respond to re-opening of our economy.

Since the declaration of the national state disaster regulations under the Disaster Management Act of 2002 regarding the steps to prevent an escalation of the disaster. The administration of the municipality was forced to revisit principles surrounding the control environment in response to COVID-19 pandemic, particularly to avoid disruptions of municipal services and mismanagement of funds. Following numerous government communication about the pandemic, the municipality has prepared a comprehensive risk management strategies and workplace plans in order to operate beyond lockdown regulations. Furthermore, the municipality has established management team that participate on provincial command council and assisting the municipality execute the following tasks.

- Firstly, to conducting COVI-19 due diligence in order to determine what steps need to be implemented in order to comply with government requirements;
- Conduct risk assessment on regular basis in consultation with Chief Risk Officer and other relevant stakeholders;

- Draft and assist the municipality to implement COVID-19 workplace plans gradually for the reopening of government services and the economy; and
- Most significantly, capacitate and support our essential personnel to respond to the pandemic.

Furthermore, the municipality adjusted to the “new normal” of remote operations during the COVID 19 pandemic. This assist the municipality to maintaining focus and effectively implement sound internal controls. However, shifting to remote operations is likely to require adjustments to internal control processes and adjust our delegation systems. So, in addressing these possible risks associated with financial management environment, the following measures were considered:

- Evaluation of current controls, and consider the impact on the timelines of control operations;
- Identify controls with manual approvals;
- Add new controls where necessary and document changes to current control processes;
- Pay special attention to the budget spending and future estimates;
- Most importantly, keep the lines of communication open with external & internal auditors to ensure risk mitigation & compliance; and
- Assess ICT control implications for the purpose of operating effectively by increasing levels of remote operations.

Having considered the magnitude and severity of the COVID-19, the municipality will continue to implement the following ICT plans. Firstly, the municipality decided to hold all meetings via Microsoft Teams as we were already subscribing to Teams via Microsoft Office 365 licence that was acquired in current financial year. This service can record all meetings and produce attendance register for any participants in the meeting. Going forward, most of our ICT systems will be to be automated to maximise digital operations. Furthermore, the implementation of modern video conferencing solutions enables remote and in-office employees to collaborate, connect and share, by connecting their own familiar devices. By adopting the digital measures, employee’s performance and productivity will be monitored and thus, allows business continuity. As a control measure, the municipality has put aside ICT budget of R 10,554 million in order to upgrade ICT software applications and the build infrastructure that will cater for the automation.



Moreover, Microsoft exchange and Domain Controller will be upgraded from Exchange 2010 to Exchange 2019. Records Management Systems will be implemented to safeguard municipal records electronically.

According to MBRR, the executive summary of 2020/21 MTREF budget will cover among others, at least the following –

- a) the effect, including the financial and service delivery implications, of the adjustment budget on service delivery and related financial implications;
- b) the effect of the adjustment budget on the provision of basic services;
- c) the effects of the adjustment budget on the service delivery and implementation plan, service agreement and medium-term revenue and expenditure framework and long-term financial sustainability of the municipality; and
- d) highlight the adjustment made to the approved annual budget and any subsequent approved adjustment budgets.

Since the announcement of COVID-19, water has been identified as a critical element in fighting the infections, and as such, access to provision of water and sanitation services by communities was vital. Furthermore, the municipality welcomes the intervention by the Department of Water and Sanitation in the procurement of water tanks and tankers which are currently being deployed to our municipality. However, we should note that the solution is not permanent as the department can withdraw their support anytime. In this way we need to have contingency plan to cover such arrangement. Ngaka Modiri Molema District Municipality is at the coalface of service delivery; therefore 2020/21 annual budget has reprioritise its spending to increase operations and maintenance capacity and ensure sustainable services provision during the fight COVID-19 and beyond. Regarding disaster management, the municipality will continue to work in unison with provincial and national government to deliver essential services during this period. We also want to acknowledge the support from SALGA in continuing to advocate and lobby on behalf of the municipality to ensure that we are adequately supported in this period.

The executive summary must cover at least the following critical points:

- a) the effect, including the financial and service delivery implications, of the annual budget, making reference to the annual budget tables, charts and explanations, and include a summary of service delivery, financial, rate and tariff implication for at least the budget year and following two years;
- b) past performance and in particular the impact on the budget of the previous years audited results and annual report, and include a summary of service delivery, rate and tariffs outcomes for at least previous year and the expected for the current year;
- c) the consolidated financial position and summary medium term revenue and expenditure strategy;
- d) the municipalities priorities and linkages to the IDP;
- e) Key amendments to the IDP;
- f) alignment with and achievement of national, provincial and district priorities;
- g) key amendments to budget related policies;
- h) key demographic, economic and other assumptions; and progress of basic services and financial implications for the medium framework and long term sustainability;
- i) progress with the provision of basic services and financial implications for medium term revenue and expenditure framework and long-term sustainability.

Before anything, the importance of effective municipal financial planning and management remains critical when it comes to budgeting, safeguarding, monitoring and auditing. For 2020/21 financial year, the municipality has ensured that annual budget is funded from realistically anticipated revenue and balancing this with the planned expenditure, by preparing detailed plans and forecast. On the other hand, safeguarding of municipal assets was prioritized in order to prevent against misuse, damage, loss or theft. As it stands, the municipality has since appointed EMS consultants through Vodacom transversal contract for the implementation of GRAP 17. This process will strengthen accountability and ensure prudent financial management within the municipality especially with our asset register.

In light with the above, good financial management goes together with strong ethical leadership that establishes a culture of honesty, ethical business practices and good governance. Leadership that exercise oversight responsibility; ensure effective human resource practices; implement

appropriate policies and procedures; ensure proper record keeping of all transaction; maintains effective controls over daily and monthly processing and reconciling of transactions and design and implement formal controls to mitigate information technology risks; ensure that risks are periodically identified, assessed and effectively mitigated and lastly, maintain an adequately resourced and functioning internal audit unit and audit committee that performs its legislated duties and promote accountability and service delivery. In that view, all matters reported above will be receiving timeous management attention in the 2020/21 budget year. The Municipality has addressed some of the issues raised by Auditor General such as lack of a dedicated risk management to deal with risks facing the municipality. The same way, Audit Committee has offered its services to assist the municipality to establish full risk compliance structure.

For 2020/21 annual budget, the district's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items, and cost containment policy was applied directly in respond to COVID-19 restrictions. Key areas where savings were realised were on public participation programmes, transport, overtime, telephone, printing, catering, hiring of venues, audio visuals including PA systems, subsistence & travelling and conferences.

Similar to last year, the district has embarked on implementing a range of revenue enhancement strategies by introducing new municipal health tariffs that aim to boost our own internally generated revenues and most importantly, to ensure compliance with goods and services offered by private businesses around the district. This year alone, the municipality has increased our revenue projections for municipal health services tariffs to R 60 thousand.

National Treasury's MFMA Budget Circulars were used to guide the compilation of the 2020/21 MTREF. However, the following challenges were experienced during the compilation of the 2020/21 MTREF which can be summarized as follows:

- Covid-19 realities,
- Budgeting for surplus, in particular to fund depreciating assets;
- The ongoing rescission;

- Aging and poorly located water and sanitation infrastructure which causes more maintenance;
- The increased cost of water materials and bulk purchases;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and
- Water demands which exceed the supply due to drought.

The following budget principles and guidelines directly informed the compilation of the 2020/21 MTREF:

- The 2019/20 special adjustments budget priorities and targets and mid-year budget review were used as a baseline for the for the 2020/21 annual budget;
- Intermediate service level standards were used to inform the measurable objectives; targets and backlog eradication goals;
- That tariffs increase should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increase services that are beyond control of the municipality, for instance the cost of water materials. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the above guidelines, the following table is a consolidated overview of the proposed 2020/21 Medium-term Revenue and Expenditure Framework:

**Table 3: Consolidated Overview of the 2020/21 MTREF**

R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Total Operating Revenue</b>	809,248	921,561	908,108	980,959
<b>Total Operating Expenditure</b>	917,900	959,370	1,003,982	1,074,259
<i>Surplus/(Deficit)</i>	(108,652)	(37,809)	(95,873)	(93,300)
<b>Total Capital expenditure</b>	388,125	365,284	358,722	380,913

Total operating revenue has grown by 13.87 % or 112,313 million for the 2020/21 financial year when compared to the 2019/20 special adjustments budget. For the two outer years, operating revenue will decrease by 1.46 % in 2021/22 and increase by 8% in 2022/23 financial year. The increase in 2020/21 budget year was as a result of revised Division of Revenue Act by the Minister of Finance, Tito Mboweni on the 24 June 2020.

Total operating expenditure for the 2020/21 financial year has been appropriated at R 959,370 million and translates into a budgeted deficit of R 37,809 million. When compared to the 2019/20 special adjustments budget, operational expenditure has grown by 4.52% or R 41, 470 million in the 2020/21 financial year. For outer years, operating expenditure budget has increased by 4.65% or R 44, 612 million and 7% or R 70,278 million in the outer year, respectively. The operating deficit for the two outer years increases to R 95,873 million and then stabilises at R93,300 million.

The capital budget of R 365,284 million for 2020/21 is 8.03 % or R 27,159 million which more as compared to the 2019/20 Special Adjustment Budget. The increase in 2020/21 budget is due to assets that will be bought from internally generated funds of R 72,409 million. The following is the detailed capital expenditure funded by internally generated funds, namely:

- |   |                  |
|---|------------------|
| • Renovations of fire stations              | R 10 million     |
| • Procurement of fire & rescue porter camps | R 25 million     |
| • Computer Software                         | R 4,676 million  |
| • Computer equipment                        | R 5,878 thousand |
| • Furniture and Office equipment            | R 1, 206 million |
| • Machinery and Equipment                   | R 150 thousand   |
| • Transport Assets                          | R 17, 5 million  |
| • Transport Assets                          | R 17,5 million   |
| • Drilling and equipment of boreholes       | R 6 million      |
| • Acquisition of land                       | R 2 million      |

A substantial portion of the capital budget will be funded from MiG over the MTREF with anticipated revenue of R 290,314 million in the current year. Consequently, the capital budget

decrease in 2021/22 financial year by R 6,562 million or 1.8 % and increases to R 380,913 million over the medium-term.

### **1.5.1 Operating Revenue Framework**

For Ngaka Modiri Molema District Municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with service delivery backlogs, extreme poverty and high unemployment rate. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues. For 2020/21 financial year, service charges from water & sanitation amount to R 248 thousand which is 0.03% of our total operating revenue budget. As compared to the special adjustment budget of 2019/20, service charges have been adjusted downwards by R 42 thousand as result of COVID-19 restrictions around consumer behaviour.

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

- National Treasury's guidelines and macroeconomic policy;
- Achievement of full cost recovery of specific service charges especially in relation to water tokens and service trucks.
- Determining the tariff escalation rate by establishing/calculating the revenue requirements of each services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs from service rendered to local businesses by municipal health service department;
- Rendering of free basic services; and
- Tariff policies of the district.

The following table is a summary of the 2020/21 MTREF (classified by main revenue source)

**Table 4: Summary of revenue classified by main revenue source**

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
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	982	519	351	450	170	170	-	134	140	147
Service charges - sanitation revenue	2	118	978	860	107	120	120	-	114	120	125
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		209	201	206	218	225	225	-	219	219	219
Interest earned - external investments		4 784	11 416	22 279	-	33 000	33 000	-	-	-	-
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	60	63	66
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		554 981	625 765	700 577	773 335	774 366	774 366	-	920 804	907 326	980 150
Other revenue	2	238	563	474	1 863	1 366	1 366	-	230	241	252
Gains		-	10 315	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>561 314</b>	<b>649 757</b>	<b>724 747</b>	<b>775 974</b>	<b>809 248</b>	<b>809 248</b>	<b>-</b>	<b>921 561</b>	<b>908 108</b>	<b>980 959</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit. Revenue generated from service charges forms 0.03% of the revenue basket for the district. Water service charge revenues comprise more than two thirds of the total revenue mix. In the 2020/21 financial year, revenue from services charges totals to R 557 thousand. This increases to R260 thousand and R272 thousand for the outer years, respectively. For 2020/21 MTREF, other revenue is forecasted to R 508 thousand, R 522 thousand for 2020/21 and R 537 thousand for outer years.

Operating grants and transfers receipts totals to R920,804 million in the 2020/21 financial year and steadily decreases to R 907,326 million by 2021/22 financial year. Note that the year-on-year increase for the 2020/21 financial year is R146,438 or 18.91% as compared to 2019/20 special adjustment budget. For two outer years, the budget slopes downward by R13,478 million or 1.46% and increases by R 72, 824 million which is 8.03 %.



The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 5: Total Operating Transfers and Grants**

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
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		554 981	619 695	699 503	766 370	766 656	766 656	920 804	907 326	980 816
Local Government Equitable Share		551 464	616 267	696 370	762 805	762 805	762 805	916 965	904 326	977 616
Finance Management		1 460	1 453	1 865	2 330	2 330	2 330	2 700	3 000	3 200
Municipal Systems Improvement		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy		262	-	-	-	-	-	-	-	-
EPWP Incentive		1 578	1 124	1 269	1 235	1 235	1 235	1 139	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
SETA		217	851	-	-	286	286	-	-	-
<b>Provincial Government:</b>		-	6 070	1 073	-	745	745	-	-	-
Disaster Management Grant			990			745	745			
Human Settlement			5 080	1 073						
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total Operating Transfers and Grants</b>	5	554 981	625 765	700 577	766 370	767 401	767 401	920 804	907 326	980 816

### 1.5.1.1 Tariffs Setting

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When tariffs and other charges were revised, local economic conditions, consumer price index, input costs and the affordability of services were considered to ensure the financial sustainability of the Municipality. Recently, the National Treasury, through MFMA budget Circular No. 98 encouraged municipalities to keep the increase tariffs and other charges as low as possible. In case were the municipalities opt to increase tariffs above the threshold of the CPIX percentage, it is a must to justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's (SARB) inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.



For 2020/21 budget year, all proposed tariffs were increased by 4.5 % except the new municipal health service tariffs and yard connection tariffs are now on quotation basis. The reason for quotation based is to avoid blanket approach to all households despite the differences in radius for inside dwelling connections. Although it is our constitutional mandate to provide water services to our local communities, the obligation to render such services is extremely costly to the municipality, and not cost-reflective. So, discounting the impact of these price increases in lower consumer tariffs will erode the district's future financial position and its financial viability.

It must also be appreciated that the consumer price index (CPI) is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as employee related costs, bulk purchases of water material, petrol and diesel etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within tariff setting framework, the municipality has undertaken the tariff setting process relating to service charges as indicated below.

### 1.5.1.2 Municipal Health Tariffs

**Table 6: Municipal Health Services Tariffs for 2020/21 MTREF**

TARIFF DISCIPTION	2020/21	2021/22	2022/23
<b>Municipal Health Certificate</b>			
New Application	R522.50	R546.54	R571.68
Review	R261.25	R273.27	R285.84
Renewal	R261.25	R273.27	R285.84
<b>Certificate of Acceptability</b>			
New Application	R522.50	R546.54	R571.68
Review	R261.25	R273.27	R285.84
Renewal	R261.25	R273.27	R285.84
<b>Certificate of Competency</b>			
New Application	R522.50	R546.54	R571.68
Review	R261.25	R273.27	R285.84
Renewal	R261.25	R273.27	R285.84
Issuing of condemnation certificate on request	R627.00	R655.84	R686.01
Re-Inspection to lift prohibition	R1 045.00	R1 093.07	R1 143.35
Training & Inspection of Caterer's kitchen	R313.50	R327.92	R343.01
Exhumation & Re-burial of mortal remains	R313.50	R327.92	R343.01
Monitoring & Assessment of facilities during events of public gathering	R522.50	R546.54	R571.68

As indicated above, municipal health service tariffs cover the cost of the provision of general services which aims to promote safe and healthy environment. Determining the effective municipal health service tariffs is therefore an integral part of the municipality's budgeting process. Below, is the rationale behind future additional municipal health services to be considered for outer years:

- Business Licensing - Local Municipalities under the jurisdiction of NMMDM are licensing authority in terms of the North West Business Act. All these municipalities do not exercise the authority as per the Act due to capacity as this function was done by Environmental Health Practitioners who are now the employees of the District. Licensing of business under the Act at the Local Municipality jurisdiction can be executed by the district on behalf of the Local municipality once Service Level Agreement (SLA's) between the municipalities is signed, and the revenue collected is channelled towards staff establishment for municipal health services.
- Atmospheric Emission Licensing – The district municipality in terms of the Air Quality Management Act, 39 of 2004, is an Atmospheric Emission Licensing (AEL) Authority that is responsible to issue all Atmospheric Emission Licenses in the district. The district municipality due to capacity does not issue the licenses and the provincial department of READ issue the licenses and pocket all licenses fees collected. Once the MHS Unit is adequately staffed, resourced and capacitated to issue the licenses this will be another stream of revenue for the municipality.
- Regional Landfill Site - In terms of section 84 (1) of the Municipal Structures Act, when any landfill site serves two Local municipalities under the district municipality, such landfill site becomes the responsibility of the district municipality. Currently the district municipality owns no landfill site as all landfill sites are owned by Local municipalities. If the district municipality explores the possibility of establishing the regional landfill site then the district will tap on the revenue collected by those municipalities who will use the regional landfill site as they will be paying the district for their waste disposal.

**Table 7: Water & Sanitation Tariffs for 2020/21 MTREF**

Water & Sanitation Tariffs	2020/2021	2021/22	2022/2023
Water Tariff	21.95	22.95	24.01
Water Tanker 10kl	17.77	18.58	19.44
Water Tanker 14kl	16.72	17.49	18.29
Water Tanker 16kl	21.95	22.95	24.01
Water Tanker 18kl	24.04	25.14	26.30
Water Tanker 20kl	26.65	27.87	29.16
Water Token fee	166.16	173.80	181.79
Vacuum Tanker Suction of Sanitation 10kl	462.94	484.23	506.50
Vacuum Tanker Suction of Sanitation 14kl	627.00	655.84	686.01
Yard Connection Fee	Per meter	Per meter	per meter
Maintenance of motor grader 13 ton	498/hr	521/hr	545/hr
Construction motor grader 15 ton	609/hr	637/hr	667/hr
Track loader backhoe	1389/hr	1453/hr	1520/hr
6m3 Tipper Truck if the kilometers exceed 10km be R15 will be charged per km	399/hr	418/hr	437/hr
Tractor	498/hr	521/hr	545/hr
Pedestrial Roller	200/hr	209/hr	218/hr
6kl Water Browser	399/hr	418/hr	437/hr
4 ton Lowbed & Hoarse	45/km	47/km	49/km
30-40 ton Lowbed & Hoarse	72/km	75/km	79/km

**Table 8: Tender document tariffs for 2020/21 MTREF**

Tender Documents			
R 200,000.00 TO R 500,000.00	R238.26	R249.22	R260.68
R 500,001.00 TO R 1,000,000.00	R379.34	R396.78	R415.04
R 1,000,001.00 TO R 2,000,000.00	R587.29	R614.31	R642.56
R 2,000,001.00 TO R 10,000,000.00	R1 760.83	R1 841.82	R1 926.55
ABOVE R10 000 000.00	R2 935.41	R3 070.43	R3 211.67

## 1.5.2 Operating Expenditure Framework

The district expenditure framework for the 2020/21 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made and money will be transferred to needy department.

The following table is a high-level summary of the 2020/21 budget and MTREF (classified per main type of operating expenditure):

**Table 9: Summary of operating expenditure by standard classification item**

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
<b>Expenditure By Type</b>											
Employee related costs	2	309 460	313 790	332 239	355 312	355 312	355 312	-	386 585	400 399	426 417
Remuneration of councillors		8 468	9 419	10 055	12 106	12 106	12 106	-	14 198	15 206	15 526
Debt impairment	3	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	2	197 983	183 173	197 267	184 257	194 216	194 216	-	214 270	235 698	259 267
Finance charges		-	-	8 457	600	-	-	-	-	-	-
Bulk purchases	2	-	14 206	17 866	18 000	18 000	18 000	-	18 500	19 425	20 396
Other materials	8	27 755	9 951	58 392	115 500	168 216	168 216	-	131 280	136 931	143 777
Contracted services		56 553	15 452	27 579	77 823	88 953	88 953	-	67 608	66 210	70 568
Transfers and subsidies		-	10 000	15 000	20 000	20 000	20 000	-	50 000	55 000	60 000
Other expenditure	4, 5	41 771	74 392	107 967	63 421	61 098	61 098	-	76 928	75 114	78 307
Losses		-	-	15 961	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>642 020</b>	<b>630 383</b>	<b>790 783</b>	<b>847 020</b>	<b>917 900</b>	<b>917 900</b>	<b>-</b>	<b>959 370</b>	<b>1 003 982</b>	<b>1 074 259</b>

### Employee related costs

The budgeted allocation for employee related costs for the 2020/21 financial year totals R 386, 585 million, which equals 40% of the total operating expenditure. As compared to the previous year, employee related cost has increased of R 31, 273 million or 8.8%. Based on the three-year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.25 % for the 2020/21 financial year. As part of the district's cost reprioritization and cash management strategy, not all vacancies have been budgeted for 2020/21 financial year. As part of the planning assumptions and interventions only critical

positions were budgeted for 2020/21 budget year. The outcome of this exercise was the inclusion R19,270 million in the 2020/21 financial year relating to critical and strategically important vacancies. In addition, expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

### **Remuneration of Councillors**

The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in compiling the district's budget. For 2020/21 budget year, remuneration of Councillors is R14,198 million.

### **Depreciation and asset impairment**

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Budget appropriations in this regard total R214,270 million for the 2020/21 financial and equates to 22.33% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant recalculating a range of assets previously included onto our assets register. This has resulted in a significant increase in 2020/21 financial year as compared to previous years.

### **Finance charges**

Finance charges consist primarily of the interest on long-term borrowings. Therefore, in 2020/21 financial year the finance charges are Nil.

### **Bulk purchases**

Bulk purchases are directly informed by the purchase of water from Sedibeng Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. For 2020/21 budget year, bulk purchases amounts to R 18,5 million and R 19,425 million and R 20,396 million for outer years.

### **Other material comprises**

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the district's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the district's infrastructure. For 2020/21 the appropriation against this group of expenditure has decreased by R 36,936 million or 22% as compared to special adjustment budget. This expenditure item increases by R5,651 million or 4.3% and R 6,847 million or 5% percent increase in the outer year.

### **Contracted service**

As part of the compilation of the 2020/21 MTREF contracted service expenditure was critically evaluated and operational efficiencies were enforced. In the 2020/21 financial year, this group of expenditure totals R 67,680 million and has reduced by just 24% or R 21,344 million. Clearly, this demonstrates the application of cost efficiencies that the municipality will apply in the 2020/21 financial year. For the first outer year, this line item has decline by R 1,399 million or 2.07% and growth of R 4,359 million which is 6.58 % for 2022/23 financial year. Further details relating to contracted services can be seen in MBRR SA1.

### **Transfers and subsidies**

As compared to 2019/20 special adjustment budget, transfers and subsidies expenditure has increased by 150% or R30 million for 2020/21 MTREF budget. For two outer years, increase is limited to 10% or R5 million. Further details relating to transfers and subsidies can be seen in MBRR SA21.

### **Other expenditure**

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. A decline of R5,514 million or 3.67 % for 2020/21 fiscal year. In the two outer years, the expenditure has been curbed at 2.22% or R3,212 million and increases by 7% in the outer year. This indicates the significant cost savings that have been already realised.

The following table gives a breakdown of the main expenditure categories for the 2020/21 financial year.

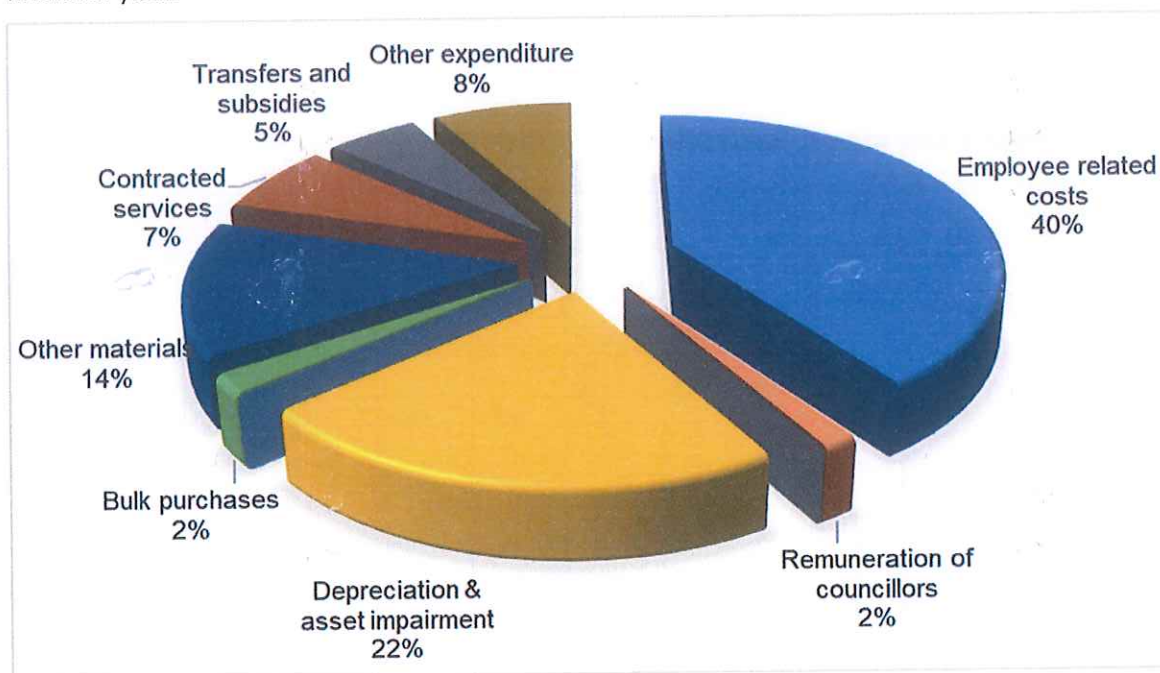


Figure 1: Main operational expenditure categories for the 2020/21 financial year

### 1.5.3 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the district's current infrastructure, the 2020/21 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the district. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2020/21 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the district's infrastructure and historic deferred maintenance. For 2020/21 the appropriation against this repairs and maintenance group of expenditure has decreased by R 36,936 million or 22% as compared to special adjustment budget. This expenditure item increases by R5,651 million or 4.3% and R 6,847 million or 5%



percent increase in the outer year. This group of expenditure totals to R 130,410 million for 2020/21 budget year, R 136,931 million and R143,77 million over MTREF. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 10: Repairs and maintenance per asset class**

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
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		26 026	4 118	52 084	115 500	168 216	168 216	130 410	136 931	143 777
Roads Infrastructure		3 196	1 000	8 269	-	-	-	-	-	-
Roads		3 196	1 000	8 269	-	-	-	-	-	-
Water Supply Infrastructure		22 830	3 118	43 815	115 500	168 216	168 216	79 210	85 323	89 589
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	28 500	101 565	101 565	28 210	6 678	7 011
Reservoirs		22 830	3 118	43 815	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	60 000	41 651	41 651	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	27 000	25 000	25 000	51 000	78 645	82 577
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	51 200	51 608	54 188
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	51 200	51 608	54 188
<b>Other assets</b>		1 729	5 832	6 308	-	-	-	-	-	-
Operational Buildings		1 729	5 832	6 308	-	-	-	-	-	-
Municipal Offices		1 729	5 832	6 308	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>27 755</b>	<b>9 951</b>	<b>58 392</b>	<b>115 500</b>	<b>168 216</b>	<b>168 216</b>	<b>130 410</b>	<b>136 931</b>	<b>143 777</b>

For 2020/21 financial year, repairs and maintenance expenditure budget is as follows:

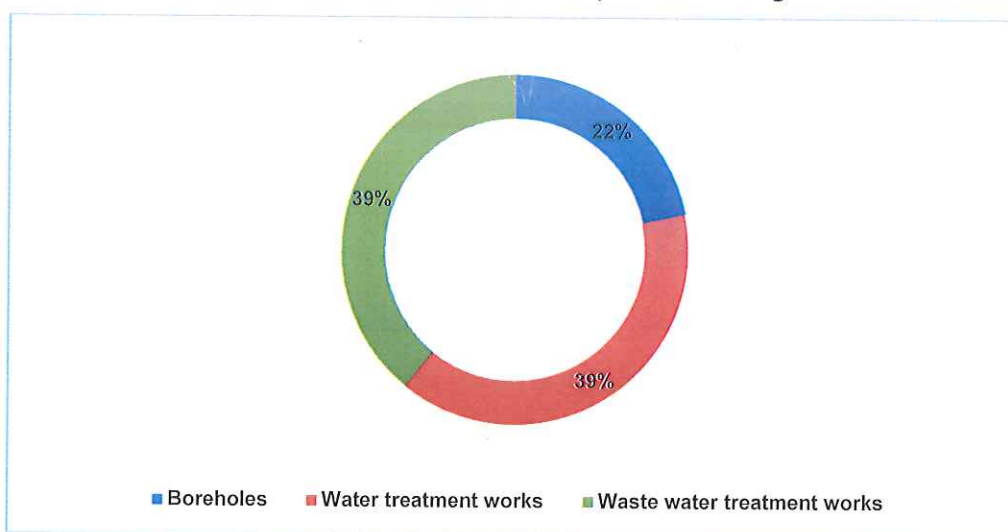


Figure 2: Main operational expenditure categories for the 2020/21 financial year



### 1.5.3 Capital Expenditure Framework

**Table 11: 2020/21 Medium-term capital expenditure per vote**

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
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance, Economy & Enterprise Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Development & Town Planning Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Public Works & Basic Services		85 147	114 890	232 893	99 250	132 719	132 719	-	196 013	315 000	334 500
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	85 147	114 890	232 893	99 250	132 719	132 719	-	196 013	315 000	334 500
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	580	100	100	-	100	-	-
Vote 3 - Finance, Economy & Enterprise Development		-	-	-	2 100	-	-	-	811	1 253	1 468
Vote 4 - Corporate Services		459	1 593	4 577	10 500	7 000	7 000	-	10 120	10 626	11 157
Vote 5 - Development & Town Planning Services		-	-	-	-	560	560	-	-	-	-
Vote 6 - Community Services		-	-	-	11 930	2 600	2 600	-	41 150	6 758	7 425
Vote 7 - Public Works & Basic Services		-	-	-	223 514	195 066	195 066	-	116 582	24 776	26 039
Vote 8 - Internal Audit		-	-	-	-	80	80	-	509	309	324
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		459	1 593	4 577	248 624	205 406	205 406	-	169 271	43 722	46 413
<b>Total Capital Expenditure - Vote</b>		85 606	116 484	237 470	347 874	338 125	338 125	-	365 284	358 722	380 913
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		696	1 593	4 577	13 680	7 080	7 080	-	11 539	12 188	12 949
Executive and council		620	-	-	-	200	200	-	100	-	-
Finance and administration		75	1 593	4 577	13 100	6 800	6 800	-	10 931	11 879	12 625
Internal audit		-	-	-	580	80	80	-	509	309	324
<b>Community and public safety</b>		-	-	-	10 700	2 600	2 600	-	41 150	6 758	7 425
Community and social services		-	-	-	-	2 600	2 600	-	35 000	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	10 200	-	-	-	6 000	6 600	7 260
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	500	-	-	-	150	158	165
<b>Economic and environmental services</b>		-	-	-	2 691	3 251	3 251	-	2 681	2 831	2 996
Planning and development		-	-	-	-	560	560	-	120	128	137
Road transport		-	-	-	2 691	2 691	2 691	-	2 561	2 703	2 859
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		85 147	114 890	232 893	320 073	325 194	325 194	-	309 914	336 945	357 542
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		85 147	114 890	232 893	194 003	144 660	144 660	-	150 714	184 945	317 542
Waste water management		-	-	-	126 070	180 534	180 534	-	159 200	152 000	40 000
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	85 843	116 484	237 470	347 144	338 125	338 125	-	365 284	358 722	380 913

For 2020/21 budget year, an amount of R 365,284 million has been appropriated for the development of infrastructure which represents 28 % of our total budget. In the outer years this

amount totals R 358,722 million and R 380,913 million respectively for each of the financial years. All these assets are new and further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c, d, e provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset. Furthermore, details breakdown of the capital budget per project over the medium-term.

## **1.6 Annual Budget Tables**

The following section presents the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations (MBRR). These tables set out the municipality's 2020/21 budget and MTREF as to be noted by the Council. Each table is accompanied by *explanatory notes* on the facing page. Below is the list of main tables as required by MBRR, namely:

- a) Table A1 Budget Summary
- b) Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)
- c) Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)
- d) Table A4 Budgeted Financial Performance (revenue and expenditure)
- e) Table A5 Budgeted Financial Capital Expenditure by vote, standard classification and funding
- f) Table A6 Budgeted Financial Position
- g) Table A7 Budgeted Cash Flows
- h) Table A8 Cash backed reserves/accumulated surplus reconciliation
- i) Table A9 Asset Management
- j) Table A10 Basic service delivery measurement

DC38 Ngaka Modiri Molema - 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
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	1 100	1 497	1 211	557	290	290	-	240	260	272
Investment revenue	4 784	11 416	22 279	-	33 000	33 000	-	-	-	-
Transfers recognised - operational	554 981	625 765	700 577	773 335	774 366	774 366	-	920 804	907 326	980 150
Other own revenue	448	11 079	680	2 082	1 592	1 592	-	508	522	537
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>561 314</b>	<b>649 757</b>	<b>724 747</b>	<b>775 974</b>	<b>809 248</b>	<b>809 248</b>	<b>-</b>	<b>921 561</b>	<b>908 108</b>	<b>980 959</b>
Employee costs	309 490	313 790	332 239	355 312	355 312	355 312	-	386 585	400 399	426 417
Remuneration of councillors	8 468	9 419	10 055	12 108	12 108	12 108	-	14 198	15 206	15 526
Depreciation & asset impairment	197 983	183 173	197 267	184 257	194 216	194 216	-	214 270	235 698	259 267
Finance charges	-	-	8 457	600	-	-	-	-	-	-
Materials and bulk purchases	27 755	24 157	76 258	133 500	186 216	186 216	-	149 780	156 356	164 173
Transfers and grants	-	10 000	15 000	20 000	20 000	20 000	-	50 000	55 000	60 000
Other expenditure	98 324	89 844	151 507	141 245	150 050	150 050	-	144 536	141 324	148 876
<b>Total Expenditure</b>	<b>642 020</b>	<b>630 383</b>	<b>780 783</b>	<b>847 020</b>	<b>917 900</b>	<b>917 900</b>	<b>-</b>	<b>959 370</b>	<b>1 003 982</b>	<b>1 074 259</b>
<b>Surplus/(Deficit)</b>	<b>(80 706)</b>	<b>19 374</b>	<b>(66 036)</b>	<b>(71 046)</b>	<b>(108 652)</b>	<b>(108 652)</b>	<b>-</b>	<b>(37 809)</b>	<b>(95 873)</b>	<b>(93 300)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	109 221	191 760	496 317	295 225	295 305	295 305	-	299 937	327 484	347 694
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)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>28 515</b>	<b>211 134</b>	<b>430 281</b>	<b>224 178</b>	<b>186 653</b>	<b>186 653</b>	<b>-</b>	<b>262 128</b>	<b>231 611</b>	<b>254 394</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>28 515</b>	<b>211 134</b>	<b>430 281</b>	<b>224 178</b>	<b>186 653</b>	<b>186 653</b>	<b>-</b>	<b>262 128</b>	<b>231 611</b>	<b>254 394</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	85 843	116 484	237 470	347 144	338 125	338 125	-	365 284	358 722	380 913
Transfers recognised - capital	85 147	116 484	237 470	294 764	295 305	295 305	-	292 995	317 831	337 496
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	696	-	-	53 110	42 820	42 820	-	72 289	40 891	43 417
<b>Total sources of capital funds</b>	<b>85 843</b>	<b>116 484</b>	<b>237 470</b>	<b>347 874</b>	<b>338 125</b>	<b>338 125</b>	<b>-</b>	<b>365 284</b>	<b>358 722</b>	<b>380 913</b>
<b>Financial position</b>										
Total current assets	138 287	189 967	431 987	177 511	350 257	350 257	-	262 630	345 944	452 571
Total non current assets	4 472 803	4 998 211	5 263 437	5 217 996	5 409 036	5 409 036	-	5 525 050	5 862 345	6 219 688
Total current liabilities	272 169	231 108	286 305	19 432	132 977	132 977	-	129 749	78 772	56 157
Total non current liabilities	49 429	49 217	70 986	40 315	70 986	70 986	-	47 075	54 208	65 000
Community wealth/Equity	4 289 492	4 907 852	5 338 133	5 335 780	5 555 331	5 555 331	-	5 610 855	6 075 309	6 551 102
<b>Cash flows</b>										
Net cash from (used) operating	1 303 397	205 808	436 397	315 236	332 229	332 229	-	299 156	439 891	485 813
Net cash from (used) investing	(1 289 946)	(116 484)	(237 847)	(347 874)	(338 138)	(338 138)	-	(365 284)	(358 722)	(380 913)
Net cash from (used) financing	(1 431)	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>13 824</b>	<b>103 148</b>	<b>300 266</b>	<b>167 361</b>	<b>296 358</b>	<b>296 358</b>	<b>-</b>	<b>230 230</b>	<b>311 399</b>	<b>416 299</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	13 824	101 972	300 542	167 361	336 358	336 358	-	230 230	311 399	416 299
Application of cash and investments	(83 340 620)	155 787	239 961	17 640	132 327	132 327	-	129 749	78 772	56 157
<b>Balance - surplus (shortfall)</b>	<b>83 354 444</b>	<b>(53 816)</b>	<b>60 581</b>	<b>149 721</b>	<b>204 031</b>	<b>204 031</b>	<b>-</b>	<b>100 481</b>	<b>232 627</b>	<b>360 142</b>
<b>Asset management</b>										
Asset register summary (WDV)	4 472 566	4 997 955	5 263 162	-	-	-	-	-	-	-
Depreciation	197 983	185 521	197 267	184 257	194 216	194 216	194 216	214 270	235 698	259 267
Renewal and Upgrading of Existing Assets	-	-	-	208 195	151 177	151 177	151 177	196 646	71 600	20 260
Repairs and Maintenance	27 755	9 951	58 392	115 500	168 216	168 216	168 216	130 410	136 931	143 777
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	182	182	121	121	121	121	121	121	121	121
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

1. Table A1 is a budget summary and provides a concise overview of the district's budget from all 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 assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating budget after Total Expenditure is negative over the MTREF due to depreciation and asset impairment which distorted the budget of the municipality;
  - b. Capital expenditure is balanced 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 is financed from equitable shares and other own revenue.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed due to huge amount of creditors to be paid. This placed the municipality in a very vulnerable financial position. However, for the current financial year (2019/20) the municipality was able to clear-off its accrual account, and we remain resolute that, come 2020/21 financial year we will not carry over any substantial number of creditors. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. The goal of having substantive surplus/reserves has since been achieved during 2019/20 fiscal year, when a small surplus was reflected on the budget.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. Henceforth, the municipality continues to make progress in addressing service delivery backlogs.

DC38 Ngaka Modiri Molema - 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
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		549 254	649 757	723 536	307 725	800 383	800 383	920 362	908 045	980 893
Executive and council		-	-	-	49 281	-	-	-	-	-
Finance and administration		549 254	649 757	723 536	258 444	800 383	800 383	920 362	908 045	980 893
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	166 006	745	745	60	63	66
Community and social services		-	-	-	10 455	745	745	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	143 223	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	12 328	-	-	60	63	66
<i>Economic and environmental services</i>		3 959	2 535	2 530	27 679	3 926	3 926	301 076	327 484	347 694
Planning and development		1 578	-	-	24 988	1 235	1 235	298 515	324 781	344 835
Road transport		2 381	2 535	2 530	2 691	2 691	2 691	2 561	2 703	2 859
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		117 321	189 225	494 999	569 788	299 499	299 499	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		117 203	189 225	494 139	437 438	299 499	299 499	-	-	-
Waste water management		118	-	860	132 350	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	670 535	841 517	1 221 064	1 071 198	1 104 553	1 104 553	1 221 498	1 235 592	1 328 653
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		593 148	590 295	683 429	380 956	393 252	393 252	437 814	465 261	501 244
Executive and council		8 468	11 522	15 423	49 281	64 379	64 379	46 671	49 655	51 870
Finance and administration		584 680	578 772	668 006	323 262	318 931	318 931	376 903	400 634	433 920
Internal audit		-	-	-	8 413	9 942	9 942	14 240	14 972	15 455
<i>Community and public safety</i>		-	6 764	2 799	160 006	146 370	146 370	166 131	159 749	172 116
Community and social services		-	-	-	10 455	10 519	10 519	15 717	13 855	14 756
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	6 764	2 799	137 223	124 468	124 468	133 163	127 622	138 125
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	12 328	11 383	11 383	17 251	18 271	19 235
<i>Economic and environmental services</i>		3 959	-	-	30 153	33 525	33 600	54 209	57 631	60 677
Planning and development		1 578	-	-	24 988	28 624	28 699	35 915	38 219	40 395
Road transport		2 381	-	-	5 164	4 901	4 901	18 294	19 412	20 282
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		44 912	30 191	104 554	275 906	344 678	344 678	301 217	321 341	340 222
Energy sources		-	-	-	-	-	-	-	-	-
Water management		44 912	30 191	104 554	275 906	279 541	279 541	229 054	240 689	255 608
Waste water management		-	-	-	-	45 151	45 151	50 000	52 500	55 125
Waste management		-	-	-	-	19 986	19 986	22 162	28 152	29 489
Other	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	642 020	627 250	790 783	847 020	917 825	917 900	959 370	1 003 982	1 074 259
<b>Surplus/(Deficit) for the year</b>		28 515	214 267	430 281	224 178	186 728	186 653	262 128	231 611	254 394

## **Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes.
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure).
3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure).
4. All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abattoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

DC38 Ngaka Modiri Molema - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

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	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue by Vote</b>										
Vote 1 - Executive and Council		-	-	-	33 972	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	15 308	-	-	-	-	-
Vote 3 - Finance, Economy & Enterprise Development		559 256	649 757	724 747	164 957	801 618	801 618	920 362	908 045	980 893
Vote 4 - Corporate Services		217	-	-	93 488	0	0	-	-	-
Vote 5 - Development & Town Planning Services		1 578	-	-	24 988	-	-	1 139	-	-
Vote 6 - Community Services		-	-	-	166 006	745	745	60	63	66
Vote 7 - Public Works & Basic Services		109 483	191 760	496 317	572 479	302 190	302 190	299 937	327 484	347 694
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>670 535</b>	<b>641 517</b>	<b>1 221 064</b>	<b>1 071 198</b>	<b>1 104 553</b>	<b>1 104 553</b>	<b>1 221 498</b>	<b>1 235 592</b>	<b>1 328 653</b>
<b>Expenditure by Vote to be appropriated</b>										
Vote 1 - Executive and Council		8 468	10 950	14 440	33 972	52 659	52 659	31 273	33 310	34 619
Vote 2 - Municipal Manager		-	572	983	15 308	11 720	11 720	18 551	19 686	20 683
Vote 3 - Finance, Economy & Enterprise Development		274 697	218 217	296 926	228 974	235 797	235 797	265 459	290 729	316 192
Vote 4 - Corporate Services		309 983	360 555	371 081	94 288	83 134	83 134	108 291	106 564	114 297
Vote 5 - Development & Town Planning Services		1 578	-	-	24 988	21 447	21 447	26 165	27 792	29 360
Vote 6 - Community Services		-	6 764	2 799	160 006	146 370	146 370	166 131	159 749	172 116
Vote 7 - Public Works & Basic Services		47 293	30 191	104 554	281 070	356 830	356 830	329 260	351 180	371 519
Vote 8 - Internal Audit		-	-	-	8 413	9 942	9 942	14 240	14 972	15 455
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>642 020</b>	<b>627 250</b>	<b>790 783</b>	<b>847 020</b>	<b>917 900</b>	<b>917 900</b>	<b>959 370</b>	<b>1 003 982</b>	<b>1 074 259</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>28 515</b>	<b>214 267</b>	<b>430 281</b>	<b>224 178</b>	<b>186 653</b>	<b>186 653</b>	<b>262 128</b>	<b>231 611</b>	<b>254 394</b>

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

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality and must reconcile to financial performance (Revenue and Expenditure by Functional Classification and Expenditure). This means it is possible to present the operating surplus or deficit of a vote.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and are not used to cross-subsidise other municipal services.



DC38 Ngaka Modiri Molema - 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
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	982	519	351	450	170	170	-	134	140	147
Service charges - sanitation revenue	2	118	978	860	107	120	120	-	114	120	125
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		209	201	206	218	225	225	-	219	219	219
Interest earned - external investments		4 784	11 416	22 279	-	33 000	33 000	-	-	-	-
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	60	63	66
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		554 981	625 765	700 577	773 335	774 366	774 366	-	920 804	907 326	980 150
Other revenue	2	238	563	474	1 863	1 366	1 366	-	230	241	252
Gains		-	10 315	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>561 314</b>	<b>649 757</b>	<b>724 747</b>	<b>775 974</b>	<b>809 248</b>	<b>809 248</b>	<b>-</b>	<b>921 561</b>	<b>908 108</b>	<b>980 959</b>
<b>Expenditure By Type</b>											
Employee related costs	2	309 490	313 790	332 239	355 312	355 312	355 312	-	386 585	400 399	426 417
Remuneration of councillors		8 468	9 419	10 055	12 106	12 106	12 106	-	14 198	15 206	15 526
Debt impairment	3	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	2	197 983	183 173	197 267	184 257	194 216	194 216	-	214 270	235 698	259 267
Finance charges		-	-	8 457	600	-	-	-	-	-	-
Bulk purchases	2	-	14 206	17 866	18 000	18 000	18 000	-	18 500	19 425	20 396
Other materials	8	27 755	9 951	58 392	115 500	168 216	168 216	-	131 280	138 931	143 777
Contracted services		56 553	15 452	27 579	77 823	88 953	88 953	-	67 608	66 210	70 568
Transfers and subsidies		-	10 000	15 000	20 000	20 000	20 000	-	50 000	55 000	60 000
Other expenditure	4, 5	41 771	74 392	107 967	63 421	61 098	61 098	-	76 928	75 114	78 307
Losses		-	-	15 961	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>642 020</b>	<b>630 383</b>	<b>790 783</b>	<b>847 020</b>	<b>917 900</b>	<b>917 900</b>	<b>-</b>	<b>959 370</b>	<b>1 003 982</b>	<b>1 074 259</b>
<b>Surplus/(Deficit)</b>											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(80 706)	19 374	(66 036)	(71 046)	(108 652)	(108 652)	-	(37 809)	(95 873)	(93 300)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	109 221	191 760	496 317	295 225	295 305	295 305	-	299 937	327 484	347 694
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>28 515</b>	<b>211 134</b>	<b>430 281</b>	<b>224 178</b>	<b>186 653</b>	<b>186 653</b>	<b>-</b>	<b>262 128</b>	<b>231 611</b>	<b>254 394</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>28 515</b>	<b>211 134</b>	<b>430 281</b>	<b>224 178</b>	<b>186 653</b>	<b>186 653</b>	<b>-</b>	<b>262 128</b>	<b>231 611</b>	<b>254 394</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>28 515</b>	<b>211 134</b>	<b>430 281</b>	<b>224 178</b>	<b>186 653</b>	<b>186 653</b>	<b>-</b>	<b>262 128</b>	<b>231 611</b>	<b>254 394</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>28 515</b>	<b>211 134</b>	<b>430 281</b>	<b>224 178</b>	<b>186 653</b>	<b>186 653</b>	<b>-</b>	<b>262 128</b>	<b>231 611</b>	<b>254 394</b>

### Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Total revenue is R1,221,498 billion in 2020/21 and escalates to R1,235,592 billion by 2021/22 and for 2022/23 it amounts to R 1,328,653 million. This represents a year-on-year increase of 10.6% for the 2020/21 MTERF. For two outers years, the increase is 1.15% and 7.53 % respectively.



2. Services charges relating to water and sanitation constitute a smaller component of the revenue basket of the district totaling R248 thousand for the 2020/21 financial year and increasing to R260 thousand by 2021/22. For the 2020/21 financial year services charges amount to 0.02% of the total revenue base and remains flat annum over the medium-term. This growth can mainly be attributed to the increase of household with complete pipe water inside dwelling.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. For 2020/21 annual budget, transfers recognised – operating from national government increases by R146,438 million as compared to special adjustment budget.

**The following items illustrates the major expenditure items per type**

4. Other expenditure represents a steadily increase over the 2020/21 to 2022/23 period, escalating from R 144,536 million to R 148,876 million.
5. Materials and Bulk purchases have significantly decreased over the 2020/21 to 2022/23 period escalating from R 186,216 million to R 149,780 million.
6. Employee related costs increased over the 2020/21 to 2022/23 period escalating from R 386,585 million to R 426, 417 million.

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
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance, Economy & Enterprise Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Development & Town Planning Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Public Works & Basic Services		85 147	114 890	232 893	99 250	132 719	132 719	-	196 013	315 000	334 500
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	85 147	114 890	232 893	99 250	132 719	132 719	-	196 013	315 000	334 500
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	580	100	100	-	100	-	-
Vote 3 - Finance, Economy & Enterprise Development		-	-	-	2 100	-	-	-	811	1 253	1 468
Vote 4 - Corporate Services		459	1 593	4 577	10 500	7 000	7 000	-	10 120	10 626	11 157
Vote 5 - Development & Town Planning Services		-	-	-	-	560	560	-	-	-	-
Vote 6 - Community Services		-	-	-	11 930	2 600	2 600	-	41 150	6 758	7 425
Vote 7 - Public Works & Basic Services		-	-	-	223 514	195 066	195 066	-	116 582	24 776	26 039
Vote 8 - Internal Audit		-	-	-	-	80	80	-	509	309	324
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		459	1 593	4 577	248 624	205 406	205 406	-	169 271	43 722	46 413
<b>Total Capital Expenditure - Vote</b>		85 606	116 484	237 470	347 874	338 125	338 125	-	365 284	358 722	380 913
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		696	1 593	4 577	13 680	7 080	7 080	-	11 539	12 188	12 949
Executive and council		620	-	-	-	200	200	-	100	-	-
Finance and administration		75	1 593	4 577	13 100	6 800	6 800	-	10 931	11 879	12 625
Internal audit		-	-	-	580	80	80	-	509	309	324
<b>Community and public safety</b>		-	-	-	10 700	2 600	2 600	-	41 150	6 758	7 425
Community and social services		-	-	-	-	2 600	2 600	-	35 000	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	10 200	-	-	-	6 000	6 600	7 260
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	500	-	-	-	150	158	165
<b>Economic and environmental services</b>		-	-	-	2 691	3 251	3 251	-	2 681	2 831	2 996
Planning and development		-	-	-	-	560	560	-	120	128	137
Road transport		-	-	-	2 691	2 691	2 691	-	2 561	2 703	2 859
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		85 147	114 890	232 893	320 073	325 194	325 194	-	309 914	336 945	357 542
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		85 147	114 890	232 893	194 003	144 660	144 660	-	150 714	184 945	317 542
Waste water management		-	-	-	126 070	180 534	180 534	-	159 200	152 000	40 000
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	85 843	116 484	237 470	347 144	338 125	338 125	-	365 284	358 722	380 913
<b>Funded by:</b>											
National Government		85 147	116 484	237 470	294 764	295 305	295 305	-	292 995	317 831	337 496
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	85 147	116 484	237 470	294 764	295 305	295 305	-	292 995	317 831	337 496
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		696	-	-	53 110	42 820	42 820	-	72 289	40 891	43 417
<b>Total Capital Funding</b>	7	85 843	116 484	237 470	347 874	338 125	338 125	-	365 284	358 722	380 913

## **Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 above shows a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, R196,013 million has been allocated for 2020/21 budget year. This allocation escalates to R 315,000 million in 2021/22 and then flattens out to R 334,500 million in 2022/23 owing primarily to the fact that various projects reach completion in 2022/23 financial year.
3. Single-year capital expenditure has been appropriated at R169,271 million for the 2020/21 financial year and flattens to R43,722 million and R 46,413 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants and transfers, equitable shares and internally generated funds from investment revenue. For 2020/21 capital transfers totals R 365,284 million and decreases to R 358,722 million by 2021/22. These funding sources are further discussed in detail in Overview of Budget Funding.

DC38 Ngaka Modiri Molema - 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
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		13 824	101 716	300 266	167 361	296 358	296 358		230 230	311 399	416 299
Call investment deposits	1	-	-	-	-	40 000	40 000	-	-	-	-
Consumer debtors	1	-	-	-	-	-	-	-	-	-	-
Other debtors		114 467	73 595	45 462	-	-	-	-	-	-	-
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	9 996	14 656	86 258	10 150	13 899	13 899	-	32 400	34 545	36 272
<b>Total current assets</b>		<b>138 287</b>	<b>189 967</b>	<b>431 987</b>	<b>177 511</b>	<b>350 257</b>	<b>350 257</b>	<b>-</b>	<b>262 630</b>	<b>345 944</b>	<b>452 571</b>
<b>Non current assets</b>											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	255	275	-	-	-	-	-	-	-
Investment property		-	13 837	13 837	-	13 837	13 837	-	13 837	13 837	13 837
Investment in Associates		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	4 472 566	4 984 118	5 249 324	5 211 559	5 391 323	5 391 323	-	5 499 200	5 827 748	6 175 737
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	-	-	6 437	3 875	3 875	-	12 012	20 759	30 113
Other non-current assets		237	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>4 472 803</b>	<b>4 998 211</b>	<b>5 263 437</b>	<b>5 217 996</b>	<b>5 409 036</b>	<b>5 409 036</b>	<b>-</b>	<b>5 525 050</b>	<b>5 862 345</b>	<b>6 219 688</b>
<b>TOTAL ASSETS</b>		<b>4 611 090</b>	<b>5 188 177</b>	<b>5 695 424</b>	<b>5 395 507</b>	<b>5 759 293</b>	<b>5 759 293</b>	<b>-</b>	<b>5 787 680</b>	<b>6 208 289</b>	<b>6 672 259</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		1 904	882	-	-	-	-	-	-	-	-
Trade and other payables	4	269 056	229 382	285 423	17 640	132 327	132 327	-	129 749	78 772	56 157
Provisions		1 209	844	882	1 792	649	649	-	-	-	-
<b>Total current liabilities</b>		<b>272 169</b>	<b>231 108</b>	<b>286 305</b>	<b>19 432</b>	<b>132 977</b>	<b>132 977</b>	<b>-</b>	<b>129 749</b>	<b>78 772</b>	<b>56 157</b>
<b>Non current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		49 429	49 217	70 986	40 315	70 986	70 986	-	47 075	54 208	65 000
<b>Total non current liabilities</b>		<b>49 429</b>	<b>49 217</b>	<b>70 986</b>	<b>40 315</b>	<b>70 986</b>	<b>70 986</b>	<b>-</b>	<b>47 075</b>	<b>54 208</b>	<b>65 000</b>
<b>TOTAL LIABILITIES</b>		<b>321 598</b>	<b>280 325</b>	<b>357 291</b>	<b>59 747</b>	<b>203 962</b>	<b>203 962</b>	<b>-</b>	<b>176 825</b>	<b>132 979</b>	<b>121 157</b>
<b>NET ASSETS</b>	5	<b>4 289 492</b>	<b>4 907 852</b>	<b>5 338 133</b>	<b>5 335 760</b>	<b>5 555 331</b>	<b>5 555 331</b>	<b>-</b>	<b>5 610 855</b>	<b>6 075 309</b>	<b>6 551 102</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		4 289 492	4 907 852	5 338 133	5 335 760	5 555 331	5 555 331	-	5 610 855	6 075 309	6 551 102
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>4 289 492</b>	<b>4 907 852</b>	<b>5 338 133</b>	<b>5 335 760</b>	<b>5 555 331</b>	<b>5 555 331</b>	<b>-</b>	<b>5 610 855</b>	<b>6 075 309</b>	<b>6 551 102</b>

## Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity, i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes in SA3 which provides a detailed analysis of the major components of a number of items, including:

- Call investments deposits
- Consumer debtors
- Property, plant and equipment
- Trade and other payables
- Non-current Provision
- Changes in net assets
- Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.



DC38 Ngaka Modiri Molema - 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	1 497	1 211	557	290	290	248	260	272	
Other revenue		1 130 878	764	680	2 082	76 982	76 982	468	480	492	
Transfers and Subsidies - Operational	1	535 900	579 950	699 025	766 370	767 401	767 401	920 804	907 326	980 150	
Transfers and Subsidies - Capital	1	118 602	237 575	453 288	302 190	302 190	302 190	299 937	327 484	347 694	
Interest		4 784	11 234	22 279	-	33 000	33 000	-	-	-	
Dividends		-	-	-	-	-	-	-	-	-	
<b>Payments</b>											
Suppliers and employees		(486 767)	(609 487)	(716 629)	(730 363)	(822 634)	(822 634)	(872 302)	(740 659)	(782 795)	
Finance charges		-	(5 725)	(8 457)	(600)	-	-	-	-	-	
Transfers and Grants	1	-	(10 000)	(15 000)	(25 000)	(25 000)	(25 000)	(50 000)	(55 000)	(60 000)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>1 303 397</b>	<b>205 808</b>	<b>436 397</b>	<b>315 236</b>	<b>332 229</b>	<b>332 229</b>	<b>-</b>	<b>299 156</b>	<b>439 891</b>	<b>485 813</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		(85 606)	-	(356)	-	1 987	1 987	-	-	-	
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments		1 751	-	(20)	-	-	-	-	-	-	
<b>Payments</b>											
Capital assets		(1 206 091)	(116 484)	(237 470)	(347 874)	(338 125)	(338 125)	(365 284)	(358 722)	(380 913)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(1 289 946)</b>	<b>(116 484)</b>	<b>(237 847)</b>	<b>(347 874)</b>	<b>(336 138)</b>	<b>(336 138)</b>	<b>-</b>	<b>(365 284)</b>	<b>(358 722)</b>	<b>(380 913)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	
<b>Payments</b>											
Repayment of borrowing		(1 431)	-	-	-	-	-	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1 431)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>12 020</b>	<b>89 324</b>	<b>198 550</b>	<b>(32 639)</b>	<b>(3 908)</b>	<b>(3 908)</b>	<b>-</b>	<b>(66 128)</b>	<b>81 169</b>	<b>104 900</b>
Cash/cash equivalents at the year begin:	2	1 803	13 824	101 716	200 000	300 266	300 266	296 359	230 230	311 399	
Cash/cash equivalents at the year end:	2	13 824	103 148	300 266	167 361	296 358	296 358	230 230	311 399	416 299	

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Cash and cash equivalents totals to R 296, 359 million at the end of the 2019/20 financial year and escalates to R 230,230 million by 2021/22.

DC38 Ngaka Modiri Molema - 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
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	13 824	103 148	300 266	167 361	296 358	296 358	-	230 230	311 399	416 299
Other current investments > 90 days		-	(1 431)	-	(0)	40 000	-40 000	-	-	-	-
Non current assets - Investments	1	-	255	275	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>13 824</b>	<b>101 972</b>	<b>300 542</b>	<b>167 361</b>	<b>336 358</b>	<b>336 358</b>	<b>-</b>	<b>230 230</b>	<b>311 399</b>	<b>416 299</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		20 106	62 274	19 306	-	-	-	-	32 000	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(83 360 727)	93 513	220 655	17 640	132 327	132 327	-	97 749	78 772	56 157
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(83 340 620)</b>	<b>155 787</b>	<b>239 961</b>	<b>17 640</b>	<b>132 327</b>	<b>132 327</b>	<b>-</b>	<b>129 749</b>	<b>78 772</b>	<b>56 157</b>
<b>Surplus(shortfall)</b>		<b>83 354 444</b>	<b>(53 816)</b>	<b>60 581</b>	<b>149 721</b>	<b>204 031</b>	<b>204 031</b>	<b>-</b>	<b>100 481</b>	<b>232 627</b>	<b>360 142</b>

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The above table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table above, for the period 2016/17 to 2017/18 the surplus deteriorated from R 83,354 million to R 60,581 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2020/21 MTREF is funded owing to a significant surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

8. As can be seen the budget has been modelled to progressively move from a deficit of R 53,816 million in 2017/18 to a surplus of R 100, 481 million in 2020/21.

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality has only met 8 per cent of repairs and maintenance of PPE.



DC38 Ngaka Modiri Molema - Table A9 Asset Management

R thousand	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
<b>CAPITAL EXPENDITURE</b>											
	<b>Total New Assets</b>	1	85 606	116 484	237 470	141 679	186 948	186 948	168 638	287 122	360 653
	Roads Infrastructure		-	-	-	2 691	2 691	2 691	2 561	2 703	2 859
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	114 890	232 893	54 789	43 621	43 621	72 734	172 030	303 982
	Sanitation Infrastructure		85 147	-	-	40 750	103 316	103 316	36 973	77 697	16 881
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	<b>Infrastructure</b>		<b>85 147</b>	<b>114 890</b>	<b>232 893</b>	<b>58 230</b>	<b>149 628</b>	<b>149 628</b>	<b>112 268</b>	<b>252 436</b>	<b>323 722</b>
	Community Facilities		-	-	-	-	-	-	25 000	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	<b>Community Assets</b>		-	-	-	-	-	-	<b>25 000</b>	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
	Operational Buildings		459	1 593	4 577	17 630	16 500	16 500	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
	<b>Other Assets</b>		<b>459</b>	<b>1 593</b>	<b>4 577</b>	<b>17 630</b>	<b>16 500</b>	<b>16 500</b>	-	-	-
	<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	4 200	3 600	3 600	4 676	5 309	5 723
	Licences and Rights		-	-	-	4 200	3 600	3 600	4 676	5 309	5 723
	<b>Intangible Assets</b>		-	-	-	<b>1 740</b>	<b>890</b>	<b>890</b>	<b>5 839</b>	<b>5 828</b>	<b>6 143</b>
	Computer Equipment		-	-	-	4 680	1 500	1 500	1 206	1 257	1 323
	Furniture and Office Equipment		-	-	-	500	820	820	150	158	165
	Machinery and Equipment		-	-	-	14 700	14 010	14 010	17 500	20 040	21 372
	<b>Transport Assets</b>		-	-	-	-	-	-	<b>2 000</b>	<b>2 100</b>	<b>2 205</b>
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	<b>Total Renewal of Existing Assets</b>	2	-	-	-	<b>16 206</b>	<b>11 206</b>	<b>11 206</b>	<b>26 233</b>	<b>6 600</b>	<b>7 260</b>
	Roads Infrastructure		-	-	-	-	-	-	-	-	-
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	16 206	11 206	11 206	16 233	6 600	7 260
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	<b>Infrastructure</b>		-	-	-	<b>16 206</b>	<b>11 206</b>	<b>11 206</b>	<b>16 233</b>	<b>6 600</b>	<b>7 260</b>
	Community Facilities		-	-	-	-	-	-	10 000	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	<b>Community Assets</b>		-	-	-	-	-	-	<b>10 000</b>	-	-
	<b>Total Upgrading of Existing Assets</b>	6	-	-	-	<b>189 989</b>	<b>139 971</b>	<b>139 971</b>	<b>170 413</b>	<b>65 000</b>	<b>13 000</b>
	Roads Infrastructure		-	-	-	-	-	-	-	-	-
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	104 669	42 838	42 838	77 213	3 000	-
	Sanitation Infrastructure		-	-	-	85 320	97 133	97 133	93 200	62 000	13 000
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	<b>Infrastructure</b>		-	-	-	<b>189 989</b>	<b>139 971</b>	<b>139 971</b>	<b>170 413</b>	<b>65 000</b>	<b>13 000</b>
	<b>Total Capital Expenditure</b>	4	<b>85 606</b>	<b>116 484</b>	<b>237 470</b>	<b>347 874</b>	<b>338 125</b>	<b>338 125</b>	<b>365 284</b>	<b>358 722</b>	<b>380 913</b>
	Roads Infrastructure		-	-	-	2 691	2 691	2 691	2 561	2 703	2 859
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	114 890	232 893	175 664	97 665	97 665	166 180	181 630	311 242
	Sanitation Infrastructure		85 147	-	-	126 070	200 449	200 449	130 173	139 697	29 881
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	<b>Infrastructure</b>		<b>85 147</b>	<b>114 890</b>	<b>232 893</b>	<b>304 425</b>	<b>300 805</b>	<b>300 805</b>	<b>298 914</b>	<b>324 630</b>	<b>343 982</b>
	Community Facilities		-	-	-	-	-	-	35 000	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	<b>Community Assets</b>		-	-	-	-	-	-	<b>35 000</b>	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
	Operational Buildings		459	1 593	4 577	17 630	16 500	16 500	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
	<b>Other Assets</b>		<b>459</b>	<b>1 593</b>	<b>4 577</b>	<b>17 630</b>	<b>16 500</b>	<b>16 500</b>	-	-	-
	<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	4 200	3 600	3 600	4 676	5 309	5 723
	Licences and Rights		-	-	-	4 200	3 600	3 600	4 676	5 309	5 723
	<b>Intangible Assets</b>		-	-	-	<b>1 740</b>	<b>890</b>	<b>890</b>	<b>5 839</b>	<b>5 828</b>	<b>6 143</b>
	Computer Equipment		-	-	-	4 680	1 500	1 500	1 206	1 257	1 323
	Furniture and Office Equipment		-	-	-	500	820	820	150	158	165
	Machinery and Equipment		-	-	-	14 700	14 010	14 010	17 500	20 040	21 372
	<b>Transport Assets</b>		-	-	-	-	-	-	<b>2 000</b>	<b>2 100</b>	<b>2 205</b>
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>85 606</b>	<b>116 484</b>	<b>237 470</b>	<b>347 874</b>	<b>338 125</b>	<b>338 125</b>	<b>365 284</b>	<b>358 722</b>	<b>380 913</b>

DC38 Ngaka Modiri Molema - Table A9 Asset Management

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
<b>R thousand</b>										
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	4 472 566	4 997 955	5 263 162	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		3 966 373	4 816 737	5 078 328	-	-	-	-	-	-
Sanitation Infrastructure		334 073	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>4 300 446</b>	<b>4 816 737</b>	<b>5 078 328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		172 120	167 380	170 996	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	13 837	13 837	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	<b>4 472 566</b>	<b>4 997 955</b>	<b>5 263 162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURE OTHER ITEMS</b>		<b>225 738</b>	<b>195 472</b>	<b>255 659</b>	<b>299 757</b>	<b>362 432</b>	<b>362 432</b>	<b>344 680</b>	<b>372 628</b>	<b>403 044</b>
Depreciation	7	197 983	185 521	197 267	184 257	194 216	194 216	214 270	235 698	259 267
<b>Repairs and Maintenance by Asset Class</b>	3	<b>27 755</b>	<b>9 951</b>	<b>58 392</b>	<b>115 500</b>	<b>168 216</b>	<b>168 216</b>	<b>130 410</b>	<b>136 931</b>	<b>143 777</b>
Roads Infrastructure		3 196	1 000	8 269	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		22 830	3 118	43 815	115 500	168 216	168 216	79 210	85 323	89 589
Sanitation Infrastructure		-	-	-	-	-	-	51 200	51 608	54 188
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>26 026</b>	<b>4 118</b>	<b>52 084</b>	<b>115 500</b>	<b>168 216</b>	<b>168 216</b>	<b>130 410</b>	<b>136 931</b>	<b>143 777</b>
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		1 729	5 832	6 308	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>1 729</b>	<b>5 832</b>	<b>6 308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>225 738</b>	<b>195 472</b>	<b>255 659</b>	<b>299 757</b>	<b>362 432</b>	<b>362 432</b>	<b>344 680</b>	<b>372 628</b>	<b>403 044</b>
Renewal and upgrading of Existing Assets as % of total capex		0,0%	0,0%	0,0%	59,3%	44,7%	44,7%	53,8%	20,0%	5,3%
Renewal and upgrading of Existing Assets as % of deprecn		0,0%	0,0%	0,0%	111,9%	77,8%	77,8%	91,8%	30,4%	7,8%
R&M as a % of PPE		0,6%	0,2%	1,1%	2,2%	3,1%	3,1%	2,4%	2,3%	2,3%
Renewal and upgrading and R&M as a % of PPE		1,0%	0,0%	1,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

DC38 Ngaka Modiri Molema - 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
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		151 839	151 839	101 226	101 226	101 226	101 226	101 226	101 226	101 226
Piped water inside yard (but not in dwelling)	2	90 504	90 504	61 436	62 936	62 936	62 936	62 936	63 266	63 616
Using public tap (at least min.service level)	3	84 321	84 321	56 214	56 214	56 214	56 214	56 214	56 214	56 214
Other water supply (at least min.service level)	4	170 883	170 883	113 922	113 922	113 922	113 922	113 922	113 922	113 922
<i>Minimum Service Level and Above sub-total</i>		497 547	497 547	332 798	334 298	334 298	334 298	334 298	334 658	334 978
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	118 494	118 494	78 996	78 996	78 996	78 996	78 996	78 996	78 996
No water supply		63 135	63 135	42 000	42 000	42 000	42 000	42 000	42 000	42 000
<i>Below Minimum Service Level sub-total</i>		181 629	181 629	121 066	121 066	121 066	121 066	121 066	121 066	121 066
<b>Total number of households</b>	5	679 176	679 176	453 884	455 384	455 384	455 384	455 384	455 744	456 064
<b>Sanitation/sewerage:</b>										
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>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
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>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
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>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	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)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	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)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
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)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	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		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	6	-	-	-	-	-	-	-	-	-

## **2. Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

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

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

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

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

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2019) a time schedule that sets out the process to revise the IDP and prepare the budget. The Mayor tabled in Council the required the IDP and budget time schedule in August 2019. Key dates applicable to the process were:

**Table 23: Time Schedule of Key deadlines for 2020/21 MTREF**

TIME SCHEDULE OF KEY DEADLINES		
Mayor to Table in Council 10 Months Prior to Start of Budget Year		
Month	NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY	Budget Year: 2020/21
	Mayor and Council	Administration - Municipality
Jul 2019	Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process  MFMA s 53  Planning includes review of the previous year's budget process and completion of the Budget Evaluation Checklist	Accounting officers and senior officials of municipality begin planning for next three-year budget  MFMA s 68, 77  Accounting officers and senior officials of municipality review options and contracts for service delivery  MSA s 76-81
Aug 2019	Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year.  MFMA s 21,22, 23;  MSA s 34, Ch 4 as amended  Mayor establishes committees and consultation forums for the budget process	
Sept 2019	Council through the IDP review process determines its strategic objectives for service delivery & development for next three-year budgets including review of provincial and national government sector and strategic plans	Budget office of municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives  Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)
Oct 2019		Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials  MFMA s 35, 36, 42; MTBPS
Nov 2019	Council finalises tariff (rates and service charges) policies for next	Accounting officer reviews and drafts initial changes to IDP

	financial year MSA s 74, 75	MSA s 34
Dec 2019		Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year's performance as per audited financial statements
Jan 2020		Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January)  MFMA s 36
Feb 2020		Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report  Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year  MFMA s 37(2)
Mar 2020	Mayor tables municipality budget, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year  MFMA s 16, 22, 23, 87; MSA s 34	Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed  MFMA s 22 & 37; MSA Ch 4 as amended  Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March  MFMA s 42
Apr 2020	Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc  MFMA s 21  Public hearings on the budget, and council debate. Council consider views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days	Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year

	<p>before start of budget year.</p> <p><b>MFMA s 23, 24; MSA Ch 4 as amended</b></p>	
May 2020	<p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year</p> <p><b>MFMA s 16, 24, 26, 53</b></p>	<p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature</p>
Jun 2020	<p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval.</p> <p><b>MFMA s 53; MSA s 38-45, 57(2)</b></p> <p>Council must finalise a system of delegations.</p> <p><b>MFMA s 59, 79, 82; MSA s 59-65</b></p>	<p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA.</p> <p><b>MFMA s 69; MSA s 57</b></p> <p>Accounting officer of municipality publishes adopted budget and plans</p> <p><b>MFMA s 75, 87</b></p>

**Abbreviations:** IDP - Integrated Development Plan; MFMA - Local Government: Municipal Finance Management Act, No. 56 of 2003; MSA - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; MTBPS - National Treasury annual publication, Medium Term Budget and Policy Statement; NT - National Treasury; PT - Provincial Treasuries; SDBIP - Service Delivery and Budget Implementation Plan

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the third review of the IDP as adopted by Council in May 2017. It started in September 2018 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2020/21 MTREF in August. The district IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which



directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the second revision cycle included the following key IDP processes and deliverables:

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

The IDP has been taken into a business and financial planning process leading up to the 2020/21 MTREF, based on the approved 2019/20 MTREF, Mid-year Review and adjustments budget and fourth quarter report. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections. With the compilation of the 2020/21 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and fourth quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

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

- COVID-19 pandemic response;
- Global and local economic outlook;
- Provincial and National priorities;
- Political policy priorities and strategic objectives;
- Asset maintenance plan;
- Approved 2019/20 MTREF, Mid-year review, adjustments budget and performance against the SDBIP;



- Performance trends;
- Cash Flow Management Strategy;
- The need for tariff increases versus the ability of the community to pay for services; and
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars, Circular No. 93, 94, 98 and 99 has been taken into consideration in the planning and prioritisation process.

#### **2.1.4 Community Consultation and Stakeholder engagement**

Immediately after annual budget is tabled in a municipal council, the municipal manager in accordance with Chapter 4 of the Systems Act will –

- make public the annual budget on the municipality's website, and hard copies will made available at customer care offices, municipal notice boards and various libraries.
- secondly, the municipality invited local communities to submit their representations in with the annual budget for 2020/21 using non-contact communication platforms.
- National Treasury and provincial treasuries, other organ of state and local municipalities have made their submission to the 2020/21 annual budget.

As indicated above, a notice was issued to the public for 2020/21 annual budget and IDP review in accordance with section 23 of the MFMA and Municipal System Act. As scheduled by the Act, consultative meetings took place between key stakeholders such as registered business forums, government sector department, government parastatals, non-governmental organisations, youth organisations, organisations of people with special needs, religious people, and designated interested groups were invited. However, it should be noted that due to COVID-19 restrictions, the was unable have a broader stakeholder engagement. As results, not all views were registered.

## **2.2 Overview of alignment of annual budget with IDP**

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

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Ngaka Modiri Molema District Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there is exists alignment between national and provincial priorities, policies and strategies and the district to response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- State of Nation Address 2020 by President of South Africa;
- Budget Speech by the Minister of Finance;
- National Development Plan Vision 2030;
- Strategic Agenda of North West Province;
- Nine-Point Economic Plan;
- Green Paper on National Strategic Planning of 2009;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National Key Performance Indicators (NKPIs);
- National Spatial Development Perspective (NSDP); and
- The National Priority Outcomes.

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

Below, are the IDP's five strategic objectives for the 2020/21 MTREF and further planning refinements have directly informed the compilation of the annual budget, namely:

- Municipal Transformation and Institutional Development
- Financial Viability
- Good governance and community participation
- Local Economic Development
- Basic services and infrastructure development

Considering the above discussions, the 2020/21 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 24: MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted 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
<b>R thousand</b>												
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Policy implementation and providing direction leading to effective service delivery			217			93 488	-	-	-	-	-
FINANCIAL VIABILITY	Sound Financial Management			559 256	649 757	724 747	164 957	801 618	801 618	920 362	908 045	980 893
GOOD GOVERNANCE AND COMMUNITY PARTICIPATION	Effective running of the institution that promotes high level of ethics and accountability						215 286	-	-	-	-	66
LOCAL ECONOMIC DEVELOPMENT	Contribute to the development of the district growth and improved economic conditions			1 578			24 988	-	-	1 139	-	-
BASIC SERVICES AND INFRASTRUCTURE INVESTMENT	Access to clean drinking water and basic sanitation services			109 483	191 760	496 317	572 479	302 190	302 190	299 937	327 484	347 694
COMMUNITY SERVICES	To promote healthy and safe environment									60	63	66
Allocations to other priorities			2									
<b>Total Revenue (excluding capital transfers and contributions)</b>			1	<b>670 535</b>	<b>841 517</b>	<b>1 221 064</b>	<b>1 071 198</b>	<b>1 103 808</b>	<b>1 103 808</b>	<b>1 221 498</b>	<b>1 235 592</b>	<b>1 328 719</b>

**Table 25: MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted 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	
<b>R thousand</b>													
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT FINANCIAL VIABILITY	Policy implementation and providing direction leading to effective service delivery			309 983	360 555	371 081	94 288	94 575	94 575	108 291	106 564	114 297	
	Sound Financial Management			274 697	218 217	296 926	228 974	243 104	243 104	265 459	290 729	316 192	
GOOD GOVERNANCE AND COMMUNITY PARTICIPATION	Effective running of the institution that promotes high level of ethics and			8 468	10 950	14 440	217 700	209 315	209 315	64 064	67 967	70 756	
LOCAL ECONOMIC DEVELOPMENT	Contribute to the development of the district growth and improved economic conditions			1 578			24 988	26 857	26 857	26 165	27 792	29 380	
BASIC SERVICES AND INFRASTRUCTURE INVESTMENT	Access to clean drinking water and basic sanitation services			47 293	37 528	108 336	281 070	305 590	305 590	329 260	351 180	371 519	
COMMUNITY SERVICES	To promote healthy and safe environment								166 131	159 749	172 116		
<b>Allocations to other priorities</b>													
<b>Total Expenditure</b>				1	642 020	627 250	790 783	847 020	879 441	879 441	959 370	1 003 982	1 074 259

**Table 26: MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted 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
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Policy implementation and providing direction leading to effective service delivery	A		75	1 593	13 517	13 180	9 500	9 500	10 120	10 626	11 157
FINANCIAL VIABILITY	Sound Financial Management	B		-			-	-	-	811	1 253	1 468
GOOD GOVERNANCE AND COMMUNITY PARTICIPATION	Effective running of the institution that promotes high level of ethics and	C		620			11 930	10 980	10 990	609	309	324
LOCAL ECONOMIC DEVELOPMENT	Contribute to the development of the district growth and improved economic conditions	D		-			-	350	350	-	-	-
BASIC SERVICES AND INFRASTRUCTURE INVESTMENT	Access to clean drinking water and basic sanitation services	E		85 147	114 890	223 953	322 764	318 985	318 985	312 595	339 776	360 539
COMMUNITY SERVICES	To promote healthy and safe environment	F								41 150	6 758	7 425
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
<b>Total Capital Expenditure</b>			1	<b>85 843</b>	<b>116 484</b>	<b>237 470</b>	<b>347 874</b>	<b>339 815</b>	<b>339 815</b>	<b>365 284</b>	<b>358 722</b>	<b>380 913</b>



**Table 27: Supporting Table SA7 Measurable performance objectives and indicators**

DC38 Ngaka Modiri Molema - 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
<b>Vote 7 - Public Works and Basic Services</b>										
<b>Function 1 - (name)</b>										
<b>Sub-function 1 - (Yard Connections)</b>										
Number of Yard Connection Installed	Number	237			500	0	500	100	120	140
<b>Sub-function 2 - (Tankering)</b>										
Number of Villages Served with Water	Number	119			25	0	25	N/A 1800000	N/A 1600000	N/A 1400000
<b>Volume (Number of litres) of water</b>										
<b>Sub-function 3 - (Water Related)</b>										
Emergency Repairs of Boreholes, Burstpipes,	Number of reports	12			12	0	12	12	12	12
<b>Function 2 - (Water Service Provision)</b>										
<b>Sub-function 1 - (Ground Water)</b>										
Ground water monetaring reports (monthly)	Number of reports	12			12	0	12	12 13	12 15	12 18
Drilling of boreholes										
<b>Sub-function 2 - (name)</b>										
<i>Insert measure's description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure's description</i>										
<b>Vote 7 - Public Works and Basic Services</b>										
<b>Function 3 - (Roads Constraction and</b>										
<b>Sub-function 1 - (KM of existing</b>										
Kilometers of Unpaved Roads Maintained	Kilometres	135			100	0	100	120	140	160
RRAMS	Number of Reports	12			12	0	12	12	12	12
<b>Sub-function 2 - (name)</b>										
<i>Insert measure's description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure's description</i>										
<b>Function 2 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
<i>Insert measure's description</i>										
<b>Sub-function 2 - (name)</b>										
<i>Insert measure's description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure's description</i>										
<b>Vote 3 - vote name</b>										
<b>Function 1 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
<i>Insert measure's description</i>										
<b>Sub-function 2 - (name)</b>										
<i>Insert measure's description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure's description</i>										
<b>Function 2 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
<i>Insert measure's description</i>										
<b>Sub-function 2 - (name)</b>										
<i>Insert measure's description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure's description</i>										
<b>And so on for the rest of the Votes</b>										

## **2.3 Overview of budget-related policies**

The district budgeting process is guided and governed by relevant legislative, frameworks, strategies and related policies. For 2020/21 MTREF, the following list of budget related policies informed the budget process, namely:

### **2.3.1 Asset Management Policy**

The objectives of this policy of the Municipality are *inter alia*, is to:

- to maximise the service potential of existing assets by ensuring that they are appropriately used, maintained, safeguarded and that risks are mitigated;
- to optimise the life cycle costs of owning and using these assets by seeking cost-effective options throughout an asset's life cycle;
- to reduce the demand for new assets through optimal use of existing assets and management of demand through the use of non-asset service delivery options;
- to establish clear lines of accountability and responsibility for performance, safe custody and use of assets within the Municipality; and
- to establish sound risk-based internal controls supporting all asset management practices within the Municipality.

### **2.3.2 Municipal Budget Policy**

In short, the objective of this policy is to ensure the sound and sustainable management of the preparation, approval and implementation of the municipal budget, in accordance with the provisions of the Constitution, the Systems Act, Chapter 4 of the MFMA and the Municipal Budget and Reporting Regulations, 2008.

### **2.3.3 Cash Management and Investment Policy**

The Cash Management and Investment Policy strive to address the following key areas:

- to ensure compliance with the relevant legal and statutory requirements relating to cash management and investments;
- to ensure that investment of surplus funds of the Municipality forms part of the financial system of the Municipality;
- to create consistency in that the same procedure is followed in respect of each investment to conform to the requirements of transparency, equitability and fairness. In



each case the preservation and safety of investments is a primary aim;

- to promote and ensure the need for investment diversification of the Municipality's investment portfolio across acceptable investees permitted types of investments and investment maturities;
- to ensure the liquidity needs of the Municipality are duly discounted and provided for;
- to establish a minimum acceptable credit rating and requirements for investments including:
  - a list of approved investment types that may be made, subject to the provisions of this policy; and
  - a list of approved institutions where or through which investments may be made, subject to the provision of this policy;
- to provide measures for ensuring implementation of this policy and internal control over, investment made as well as procedures for reporting on and monitoring of all investments made procedure for benchmarking and performance evaluation;
- to provide the assignment of roles and functions, any delegation of decision- making powers including the conditions for the use of investment managers, and their liability in the event of non-compliance with the provisions of this policy; and
- to provide the procedures for the annual review of this policy.

#### **2.3.4 Funding and Reserves Policy**

The aim of this policy is to set out the assumptions and methodologies for estimating the following:

- projected billings, collections and all direct revenues;
- the provision for revenue that will not be collected;
- the funds the Municipality can expect to receive from investments;
- the proceeds the Municipality can expect to receive from the transfer or disposal of assets;
- the Municipality's borrowing requirements; and
- the funds to be set aside in reserves.

### **2.3.5 Policy on Borrowing**

The specific purpose of Policy on Borrowing is to:

- enable the Municipality to exercise its obligations to ensure sufficient cash resources to implement its capital programme in the most effective manner;
- maintain debt within specified limits;
- ensure adequate provision for the sustainable repayment of debt. (4) Manage interest rate and credit risk exposure;
- ensure that all and any occurring of debt by the Municipality are made with great care, skill, prudence and diligence; and
- govern the taking up of short-term and long-term debt according to the legislative framework.

### **2.3.6 Supply Chain Management Policy**

One of the critical policies within the Municipality is Supply Chain Management Policy. This policy seeks to give effect to:

- to the provisions set out in section 217 of the Constitution, 1996;
- to ensure fair, equitable, transparent, competitive and cost-effective provision of goods and services;
- to assure the creation of an environment where business can be conducted with integrity and in a fair, reasonable and accountable manner, this policy will ensure that the Municipal Manager and all officials of the Municipality involved in supply chain management activities must act with integrity, accountability, transparency and with the highest of ethical standards and free of favouritism, nepotism and corruption of any kind. The officials of the Municipality involved in supply chain management activities must adhere to the code of ethical standards contained in this policy, together with the Code of Conduct for Municipal Staff Members as contained in Schedule 2 of the MSA;
- selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the MSA applies; and
- to dispose goods that are no longer needed.

### 2.3.7 Tariff Policy

The district's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved and noted on various dates and consolidated tariffs/rates are incorporated in the budget document. In addition, it worth to note that all tariffs are increased by 4.5% in 2020/21 financial year.

### 2.3.8 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 district's system of delegations.

All the above policies were approved in May 2014, except the new virement Policy which was approved last year. Furthermore, these policies are available on the district's website for public viewing.

## 2.4 Overview of budget assumptions

### 2.4.1 External factors

Over the last decade, local government has been receiving the smallest share of the division of nationally raised revenue because it has significant own revenue-raising powers. However, with the district municipality own revenue is less than 1%. This is since that the municipality is rural in nature and is mostly depended on government grants. Looking at the macroeconomic performance and projections for 2018-2021, the following realities are observed.

**Table 28: Macroeconomic performance and projections 2021/21**

Fiscal year	2019/20 Estimates	2020	2021 Forecast	2022
Consumer Price Inflation (CPI)	4.1%	4.5%	4.6%	4.6%
Real GDP growth	0.3%	0.9%	1.3%	1.6%

As shown above, the economic and revenue outlook for South Africa has deteriorated since the October 2018 Medium Term Budget Policy Statement (MTBPS). Given these developments, the

2020 budget forces the municipality to scale-down and reprioritise its spending with competing demands (especially water and maintenance of our aging infrastructure). On the other hand, the district is heavily affected by COVID-19 and drought which has a negative impact on our annual budget. Therefore, some service delivery priorities were left out in order to prioritise communities that are negatively affected by this drought.

#### **2.4.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2020/21 MTREF:

- Covid-19 pandemic spending,
- The impact of municipal running costs;
- The increase in prices for bulk purchase for water and water supply;
- The increase in the cost of remuneration. Employee related costs comprise 42% of total operating expenditure in the 2020/21 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

#### **2.4.3 Impact of national, provincial and local policies**

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

- alleviating poverty by creating jobs through EPWP incentive Grant which is allocated R 1,139 million;
- enhancing skills and capacities for municipal employees;
- promoting a safe and healthy environment for local and rural residents;
- rural development;
- developing and maintaining of our aging infrastructure; and
- Due to COVID-19 pandemic, the equitable share allocation to the municipality was revised and adjusted upwards by R 70 million.

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

#### **2.4.4 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 100% will be achieved for both operating expenditure and capital programme for the 2020/21 MTREF. This performance has been factored into 2020/21 cash flow budget. Going forward, procurement plans for all goods and services to be rendered will be tabled to council together with the annual budget. More importantly, supply chain management (SCM) bid committees will be trained and capacitated in order to fast-track implementation of SCM processes. Furthermore, both oversight committees and administrative leadership will be strengthened in order to exercise its own oversight responsibilities and promote culture of financial and performance management. For capital budget, all projects will be advertised immediately after the approval in June 2020 to allow seamless implementation of project management over the MTREF.

#### **2.4.5 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. For the financial 2020/21, all employees covered by the agreement shall receive an increase based on the projected CPI plus 1, 5% with effect from 1 July 2020 which is 6.5%.

### **2.5 Overview of budget funding**

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

#### **2.5.1 Medium-term outlook: operating revenue**

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

**Table 29: Sources of operating revenue over the MTREF**

R thousand	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23	%
Service charges	248	0.02	260	0.02	272	0.02
Transfers recognised- operational	920,804	99.9	907,326	99.9	980,150	99.9
Internally generated funds	508	0.05	522	0.05	537	0.05
<b>Total sources of capital funds</b>	<b>921,561</b>	<b>100</b>	<b>908,108</b>	<b>100</b>	<b>980,959</b>	<b>100</b>

The following graph is a breakdown of the operational revenue per main category for the 2020/21 financial year.

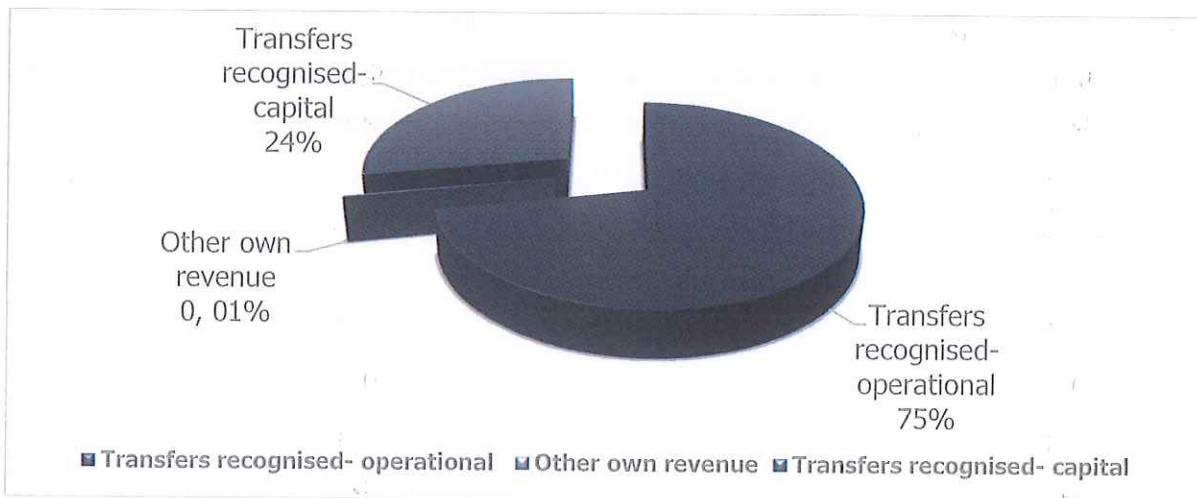


Figure 3: Breakdown of operating revenue over the 2020/21 MTREF

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

- Sale of water tokens, sewer suction, tender documents revenue; municipal health service charges, and
- Rental of facilities and equipment.

As highlighted above, the Municipality derives most of its operational revenue from transfers and grants which comes from organs of state and other minor service charges as indicated.



## 2.5.2 Medium-term outlook: capital revenue

**Table 30: Sources of capital revenue over the MTREF**

R thousand	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23	%
Transfers recognised- capital	292,995	80.21	317,831	88.60	337,496	88.60
Borrowing	-		-		-	
Internally generated funds	72,289	19.78	40,891	11.40	43,417	11.40
<b>Total sources of capital funds</b>	<b>365,284</b>	<b>100</b>	<b>358,722</b>	<b>100</b>	<b>380,913</b>	<b>100</b>

Capital grants and receipts equates to 80.21 % of the total funding source which represents R292,995 million for the 2020/21 financial year and steadily increase to R317,831 million over the MTREF.

Internally generated funds consist of a mixture between own revenue and equitable shares. Internally generated funds consist of R72,289 million in 2020/21, R40,891 million in 2021/22 and R 43,4117 million in 2022/23. The Municipality is aware that an equitable share from national government is meant to fund free basic services. However, the Municipality is intending to procure tools and equipment (i.e. service trucks) that will assist to fast track service delivery projects, including water and sanitation projects, fire and rescue services, and finally reduce cost of outsourcing municipal services which are currently main cost drivers to our 2020/21 MTREF budget.

**Table 31: MBRR Table SA 18- Capital transfers and grants 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
<b>RECEIPTS:</b>	1, 2									
<u>Operating Transfers and Grants</u>										
<u>Capital Transfers and Grants</u>										
<b>National Government:</b>		109 221	191 760	496 317	302 190	302 190	302 190	299 937	327 484	347 694
Municipal Infrastructure Grant (MIG)		106 840	189 225	348 270	299 499	299 499	299 499	297 376	324 781	344 835
Rural Transport Services and Infrastructure		2 381	2 535	2 530	2 691	2 691	2 691	2 561	2 703	2 859
Regional Bulk Infrastructure		-	-	-	-	-	-	-	-	-
Water Service Infrastructure Grant		-	-	145 517	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	<b>109 221</b>	<b>191 760</b>	<b>496 317</b>	<b>302 190</b>	<b>302 190</b>	<b>302 190</b>	<b>299 937</b>	<b>327 484</b>	<b>347 694</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>664 202</b>	<b>817 525</b>	<b>1 196 894</b>	<b>1 068 560</b>	<b>1 069 591</b>	<b>1 069 591</b>	<b>1 220 741</b>	<b>1 234 810</b>	<b>1 328 510</b>

### 2.5.3 Cash Flow Management

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

- Clear separation of receipts and payments within each cash flow category; and
- Clear separation of capital and operating receipts from government.

**Table 32: MBRR Table A7 – Budget cash flow statement**

DC38 Ngaka Modiri Molema - 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	1 497	1 211	557	290	290	-	248	260	272
Other revenue		1 130 878	764	680	2 082	76 982	76 982	-	468	480	492
Transfers and Subsidies - Operational	1	535 900	579 950	699 025	766 370	767 401	767 401	-	920 804	907 326	980 150
Transfers and Subsidies - Capital	1	118 602	237 575	453 288	302 190	302 190	302 190	-	299 937	327 484	347 694
Interest		4 784	11 234	22 279	-	33 000	33 000	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(486 767)	(609 487)	(716 629)	(730 363)	(822 634)	(822 634)	-	(872 302)	(740 659)	(782 795)
Finance charges		-	(5 725)	(8 457)	(600)	-	-	-	-	-	-
Transfers and Grants		-	(10 000)	(15 000)	(25 000)	(25 000)	(25 000)	-	(50 000)	(55 000)	(60 000)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>1 303 397</b>	<b>205 808</b>	<b>436 397</b>	<b>315 236</b>	<b>332 229</b>	<b>332 229</b>	<b>-</b>	<b>299 156</b>	<b>439 891</b>	<b>485 813</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		(85 606)	-	(356)	-	1 987	1 987	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		1 751	-	(20)	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(1 206 091)	(116 484)	(237 470)	(347 874)	(338 125)	(338 125)	-	(365 284)	(358 722)	(380 913)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(1 289 946)</b>	<b>(116 484)</b>	<b>(237 847)</b>	<b>(347 874)</b>	<b>(336 138)</b>	<b>(336 138)</b>	<b>-</b>	<b>(365 284)</b>	<b>(358 722)</b>	<b>(380 913)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		(1 431)	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1 431)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>12 020</b>	<b>89 324</b>	<b>198 550</b>	<b>(32 639)</b>	<b>(3 908)</b>	<b>(3 908)</b>	<b>-</b>	<b>(66 128)</b>	<b>81 169</b>	<b>104 900</b>
Cash/cash equivalents at the year begin:	2	1 803	13 824	101 716	200 000	300 266	300 266	-	296 359	230 230	311 399
Cash/cash equivalents at the year end:	2	13 824	103 148	300 266	167 361	296 358	296 358	-	230 230	311 399	416 299

With the 2020/21 special adjustments budget various cost efficiencies and savings had to be realised to ensure the municipality meet its operational expenditure commitments. In addition, the Municipality undertook an extensive review on its spending patterns, which resulted in positive cash position and payment of long outstanding creditors. Over the mid-term, the municipality has been consistent with its payment schedule to its suppliers. As it stands, the municipality is now able to pay creditors within 30 days. These initiatives and interventions have



translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R 296,359 million by the end of 2019/20 financial year. For the 2020/21 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R230,230 million by 2021/22 and steadily increasing to R 311,399 million and R 416, 299 million over the MTREF.

#### **2.5.4 Cash Backed Reserves/Accumulated Surplus Reconciliation**

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

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

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

**Table 33: MBRR 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
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	13 824	103 148	300 266	167 361	296 358	296 358	-	230 230	311 399	416 299
Other current investments > 90 days		-	(1 431)	-	(0)	40 000	40 000	-	-	-	-
Non current assets - Investments	1	-	255	275	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>13 824</b>	<b>101 972</b>	<b>300 542</b>	<b>167 361</b>	<b>336 358</b>	<b>336 358</b>	<b>-</b>	<b>230 230</b>	<b>311 399</b>	<b>416 299</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		20 106	62 274	19 306	-	-	-	-	32 000	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(83 360 727)	93 513	220 655	17 640	132 327	132 327	-	97 749	78 772	56 157
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(83 340 620)</b>	<b>155 787</b>	<b>239 961</b>	<b>17 640</b>	<b>132 327</b>	<b>132 327</b>	<b>-</b>	<b>129 749</b>	<b>78 772</b>	<b>56 157</b>
<b>Surplus(shortfall)</b>		<b>83 354 444</b>	<b>(53 816)</b>	<b>60 581</b>	<b>149 721</b>	<b>204 031</b>	<b>204 031</b>	<b>-</b>	<b>100 481</b>	<b>232 627</b>	<b>360 142</b>

From the above table it can be seen that the cash and investments available total R 230,230 million in the 2020/21 financial year and progressively increase to R 311,399 million by 2021/22, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. For 2020/21 financial year, the municipality will anticipate recording of unspent grants for R 32 million of MiG COVID-19 reprioritised projects in the 2019/20 budget year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds especially with Municipal Infrastructure Grant for National government which has delayed payments due to creditors. As results, contractor's onsite are faced with the challenge to speed-up service delivery projects. Against other provisions an amount R 97,749 million has been provided for the 2020/21 financial year and this increase to R 78,772 million by 2021/22.

**Table 34: 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
			<b>Funding measures</b>									
Cash/cash equivalents at the year end - R'000	18(1)b	1	13 824	103 148	300 266	167 361	296 358	296 358	-	230 230	311 399	416 299
Cash + investments at the yr end less applications - R'000	18(1)b	2	83 354 444	(53 816)	60 581	149 721	204 031	204 031	-	100 481	232 627	360 142
Cash year end/monthly employee/supplier payments	18(1)b	3	0,4	3,1	7,5	3,6	6,1	6,1	-	4,5	5,8	7,3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	28 515	211 134	430 281	224 178	186 653	186 653	-	262 128	231 611	254 394
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	30,0%	(25,1%)	(60,0%)	(53,9%)	(6,0%)	(106,0%)	(20,3%)	(1,4%)	(1,4%)
Cash receipts % of Ratespayer & Other revenue	18(1)a,(2)	6	73042,5%	100,0%	100,0%	100,0%	4106,7%	4106,7%	0,0%	94,7%	94,6%	94,5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Capital payments % of capital expenditure	18(1);19	8	1408,9%	100,0%	100,0%	100,0%	100,0%	100,0%	0,0%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1);	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Gov L. 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.	(35,7%)	(38,2%)	(100,0%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0,6%	0,2%	1,1%	2,2%	3,1%	3,1%	0,0%	2,4%	2,3%	2,3%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	4,7%	3,3%	3,3%	0,0%	7,2%	1,8%	1,9%

## 2.6 Expenditure on grants and reconciliations of unspent funds

**Table 35: MBRR SA19- Expenditure on grants and reconciliations of unspent funds**

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
<b>EXPENDITURE:</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		555 353	625 765	699 503	759 528	759 814	759 814	920 804	907 326	980 816
Local Government Equitable Share		551 464	616 267	696 370	755 963	755 963	755 963	916 965	904 326	977 616
Finance Management		1 460	1 453	1 865	2 330	2 330	2 330	2 700	3 000	3 200
Municipal Systems Improvement		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy		-	-	-	-	-	-	-	-	-
EPWP Incentive		1 578	1 124	1 269	1 235	1 235	1 235	1 139	-	-
		-	990	-	-	-	-	-	-	-
		-	5 080	-	-	-	-	-	-	-
<b>SETA</b>		851	851	-	-	286	286	-	-	-
<b>Provincial Government:</b>		-	-	-	-	745	745	-	-	-
Disaster Management Grant		-	-	-	-	745	745	-	-	-
<b>Human Settlement</b>		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants</b>		555 353	625 765	699 503	759 528	760 559	760 559	920 804	907 326	980 816
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		109 221	191 760	496 317	302 190	302 190	302 190	299 937	327 484	347 694
Municipal Infrastructure Grant (MIG)		106 840	189 225	348 270	299 499	299 499	299 499	297 376	324 781	344 835
Rural Transport Services and Infrastructure		2 381	2 535	2 530	2 691	2 691	2 691	2 561	2 703	2 859
Regional Bulk Infrastructure		-	-	-	-	-	-	-	-	-
Water Service Infrastructure Grant		-	-	145 517	-	-	-	-	-	-
<b>Other capital transfers/grants [insert desc]</b>		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		109 221	191 760	496 317	302 190	302 190	302 190	299 937	327 484	347 694
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		664 574	817 525	1 195 821	1 061 718	1 062 749	1 062 749	1 220 741	1 234 810	1 328 510



**Table 36: MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

DC38 Ngaka Modiri Molema - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

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
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year								32 000		
Current year receipts			625 765	700 577				297 376		
Conditions met - transferred to revenue			625 765	700 577				329 376		
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>			625 765	700 577				329 376		
<b>Total operating transfers and grants - CTBM</b>	2									
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year			9 381	55 196						
Current year receipts			235 040	293 074						
Conditions met - transferred to revenue			189 225	348 270						
Conditions still to be met - transferred to liabilities			55 196							
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts									116 484	237 470
Conditions met - transferred to revenue									116 484	237 470
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>			189 225	348 270					116 484	237 470
<b>Total capital transfers and grants - CTBM</b>	2		55 196							
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>			814 990	1 048 847				329 376	116 484	237 470
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>			55 196							

## **2.7 Allocations and grants made by the municipality**

The disclosure on allocations or grants made by the municipality must provide particulars of any allocations and grants by the municipality to the municipality -

- a) other municipalities; and
- b) any municipal entities and other external mechanism assisting the municipality in the exercise of its function or powers.

In addition, White paper on Local Government, 1998 identified the following four key role that district municipalities should fulfill which includes, but not limited to:

- a) District integrated development planning as a statutory mandate of all district governments;
- b) To serve as infrastructural development agents, involving planning and developing bulk infrastructure in non-metro municipalities; and
- c) The provision of technical assistance to local municipalities including facilitation the sharing of specialised capacity and equipment between municipalities, assisting in the development of cooperative relations between municipalities, assistance in the preparation of the budgets, consolidated municipal infrastructure programme applications, tenders, and drafting by-laws.

For 2020/21 MTREF, transfers and grants made by the municipality amounts to R 50 million and R 55 million and R 60 million for the outer years.

**Table 37: Table SA21 Cash Transfers and grants made by the municipality**

DC38 Ngaka Modiri Molema - Supporting Table SA21 Transfers and grants made by the municipality

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
<b>Cash Transfers to other municipalities</b>											
Mafikeng Local Municipality	1	-	2 000	3 000	3 000	3 000	3 000		10 000	11 000	12 000
Ditsobotla Local Municipality	1	-	2 000	3 000	3 000	3 000	3 000		10 000	11 000	12 000
Ramotshere Molloa Local Municipality		-	2 000	3 000	3 000	3 000	3 000		10 000	11 000	12 000
Ratou Local Municipality		-	2 000	3 000	3 000	3 000	3 000		10 000	11 000	12 000
Tswaing Local Municipality		-	2 000	3 000	3 000	3 000	3 000		10 000	11 000	12 000
<b>Total Cash Transfers To Municipalities:</b>		-	10 000	15 000	15 000	15 000	15 000	-	50 000	55 000	60 000
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
Mafikeng Local Municipality	2										
<b>Total Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b>											
Mafikeng Local Municipality	3										
<b>Total Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b>											
Mafikeng Local Municipality											
<b>Total Cash Transfers To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Groups of Individuals</b>											
Mafikeng Local Municipality											
<b>Total Cash Transfers To Groups Of Individuals:</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	-	10 000	15 000	15 000	15 000	15 000	-	50 000	55 000	60 000
<b>Non-Cash transfers to other municipalities</b>											
Mafikeng Local Municipality	1				1 000	1 000	1 000				
Ditsobotla Local Municipality					1 000	1 000	1 000				
Ramotshere Molloa Local Municipality					1 000	1 000	1 000				
Ratlou Local Municipality					1 000	1 000	1 000				
Tswaing Local Municipality					1 000	1 000	1 000				
<b>Total Non-Cash Transfers To Municipalities:</b>		-	-	-	5 000	5 000	5 000	-	-	-	-
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b>											
Mafikeng Local Municipality	2										
<b>Total Non-Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other Organs of State</b>											
Mafikeng Local Municipality	3										
<b>Total Non-Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Grants to Organisations</b>											
Mafikeng Local Municipality	4										
<b>Total Non-Cash Grants To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Groups of Individuals</b>											
Mafikeng Local Municipality	5										
<b>Total Non-Cash Grants To Groups Of Individuals:</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		-	-	-	5 000	5 000	5 000	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS</b>	6	-	10 000	15 000	20 000	20 000	20 000	-	50 000	55 000	60 000



## 2.8 Councillors and employees' benefits

**Table 38: MBRR SA22 - Summary of Councillor and staff benefits**

DC38 Ngaka Modiri Molema - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	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		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		8 003	9 419	10 055	6 126	6 126	6 126	7 774	8 163	8 571
Pension and UIF Contributions		188	-	-	3 688	3 688	3 688	1 670	1 754	1 842
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		277	-	-	2 292	2 292	2 292	4 753	4 929	5 113
<b>Sub Total - Councillors</b>		<b>8 468</b>	<b>9 419</b>	<b>10 055</b>	<b>12 106</b>	<b>12 106</b>	<b>12 106</b>	<b>14 198</b>	<b>14 846</b>	<b>15 526</b>
<b>% increase</b>	4		11,2%	6,8%	20,4%	-	-	17,3%	4,6%	4,6%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		-	2 107	3 591	6 725	6 725	6 725	5 779	6 126	6 493
Pension and UIF Contributions		-	383	658	749	749	749	1 413	1 497	1 587
Medical Aid Contributions		-	-	-	67	67	67	2 578	2 724	2 880
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	36	36	36	1 348	1 429	1 515
Motor Vehicle Allowance	3	-	358	456	791	791	791	-	-	-
Cellphone Allowance	3	-	68	93	138	138	138	-	-	-
Housing Allowances	3	-	80	384	762	762	762	-	-	-
Other benefits and allowances	3	-	139	84	56	56	56	25	25	25
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>-</b>	<b>3 133</b>	<b>5 265</b>	<b>9 323</b>	<b>9 323</b>	<b>9 323</b>	<b>11 143</b>	<b>11 802</b>	<b>12 500</b>
<b>% increase</b>	4		-	68,0%	77,1%	-	-	19,5%	5,9%	5,9%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		181 894	189 428	201 525	211 129	211 129	211 129	227 092	233 492	248 680
Pension and UIF Contributions		1 247	36 913	37 389	45 467	45 467	45 467	45 400	47 718	49 851
Medical Aid Contributions		15 579	19 132	20 388	35 722	35 722	35 722	41 203	41 978	42 624
Overtime		19 371	16 284	18 304	17 734	17 734	17 734	6 063	8 392	13 278
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	13 242	13 242	13 242	20 225	19 847	19 043
Cellphone Allowance	3	5 367	401	507	1 105	1 105	1 105	2 338	2 302	2 363
Housing Allowances	3	514	737	925	4 510	4 510	4 510	5 627	6 963	6 168
Other benefits and allowances	3	66 706	43 580	46 465	14 898	14 898	14 898	27 367	27 322	30 755
Payments in lieu of leave		1 544	4 183	6 736	-	-	-	-	-	-
Long service awards		8 982	-	-	2 218	2 218	2 218	129	267	805
Post-retirement benefit obligations	6	8 285	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>309 490</b>	<b>310 657</b>	<b>332 239</b>	<b>346 025</b>	<b>346 025</b>	<b>346 025</b>	<b>375 442</b>	<b>388 283</b>	<b>413 586</b>
<b>% increase</b>	4		0,4%	6,9%	4,1%	-	-	8,5%	3,4%	6,5%
<b>Total Parent Municipality</b>		<b>317 958</b>	<b>323 209</b>	<b>347 559</b>	<b>367 454</b>	<b>367 454</b>	<b>367 454</b>	<b>400 784</b>	<b>414 930</b>	<b>441 613</b>
			1,7%	7,5%	5,7%	-	-	9,1%	3,5%	6,4%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>317 958</b>	<b>323 209</b>	<b>347 559</b>	<b>367 454</b>	<b>367 454</b>	<b>367 454</b>	<b>400 784</b>	<b>414 930</b>	<b>441 613</b>
<b>% increase</b>	4		1,7%	7,5%	5,7%	-	-	9,1%	3,5%	6,4%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>309 490</b>	<b>313 790</b>	<b>337 504</b>	<b>355 348</b>	<b>355 348</b>	<b>355 348</b>	<b>386 585</b>	<b>400 084</b>	<b>426 086</b>



**Table 40: MBRR SA24 – Summary of personnel numbers**

DC38 Ngaka Modiri Molema - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2018/19			Current Year 2019/20			Budget Year 2020/21		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		–	–	–	–	–	–	42	–	42
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
<b>Municipal employees</b>	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	6	–	6	6	–	6	7	–	7
Other Managers	7	112	90	–	112	90	–	35	30	5
<b>Professionals</b>		76	46	–	76	46	–	–	–	–
Finance		40	35	–	40	35	–	18	18	–
Spatial/town planning		24	2	–	24	2	–	1	1	–
Information Technology		2	1	–	2	1	–	4	4	–
Roads		6	–	–	6	–	–	1	1	–
Electricity		–	–	–	–	–	–	–	–	–
Water		4	4	–	4	4	–	5	5	–
Sanitation		–	2	–	–	2	–	1	1	–
Refuse		–	2	–	–	2	–	–	–	–
Other		–	–	–	–	–	–	172	169	3
<b>Technicians</b>		32	15	3	32	15	3	–	–	–
Finance		–	–	–	–	–	–	–	–	–
Spatial/town planning		5	2	–	5	2	–	1	1	–
Information Technology		2	4	–	2	4	–	–	–	–
Roads		3	–	–	3	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		11	2	–	11	2	–	–	–	–
Sanitation		5	2	3	5	2	3	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		6	5	–	6	5	–	–	–	–
Clerks (Clerical and administrative)		121	60	–	121	60	–	85	72	13
Service and sales workers		108	265	–	108	265	–	350	350	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		46	26	–	46	26	–	15	15	–
Elementary Occupations		72	209	–	72	209	–	49	49	–
<b>TOTAL PERSONNEL NUMBERS</b>	9	573	711	9	573	711	9	786	716	70
% increase								37,2%	0,7%	677,8%
<b>Total municipal employees headcount</b>	6, 10							786	716	28
Finance personnel headcount	8, 10							45	32	–
Human Resources personnel headcount	8, 10							13	13	–



# NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

## 2.8 Monthly targets for revenue, expenditure and cash flow

DC38 Nkaka Modiri Molema - Supporting Table SA25 Budgeted monthly revenue and expenditure

R thousand	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	
	<b>Revenue By Source</b>																	
	Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service charges - water revenue		11	11	11	11	11	11	11	11	11	11	11	11	134	140	147	
	Service charges - sanitation revenue		10	10	10	10	10	10	10	10	10	10	10	10	114	120	125	
	Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Rental of facilities and equipment		18	18	18	18	18	18	18	18	18	18	18	18	219	219	219	
	Interest earned - external investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Licences and permits		5	5	5	5	5	5	5	5	5	5	5	5	60	63	66	
	Agency services		382 069	3 175	-	-	-	-	-	-	-	-	-	-	920 804	907 326	980 150	
	Transfers and subsidies		19	19	19	19	19	19	19	19	19	19	19	19	230	241	252	
	Other revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>382 132</b>	<b>3 238</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>921 561</b>	<b>908 108</b>	<b>980 959</b>	
	<b>Expenditure By Type</b>																	
	Employee related costs		29 714	29 714	29 714	29 714	29 714	29 714	29 714	29 714	29 714	29 714	29 714	29 714	386 585	400 399	426 417	
	Remuneration of councillors		1 183	1 183	1 183	1 183	1 183	1 183	1 183	1 183	1 183	1 183	1 183	1 183	14 198	15 206	15 526	
	Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Debt impairment		17 856	17 856	17 856	17 856	17 856	17 856	17 856	17 856	17 856	17 856	17 856	17 856	214 270	235 698	259 267	
	Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bulk purchases		3 000	-	5 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	18 500	19 425	20 396	
	Other materials		5 963	5 963	5 963	5 963	5 963	5 963	5 963	5 963	5 963	5 963	5 963	5 963	131 280	136 931	143 777	
	Contracted services		4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	67 608	66 210	70 568	
	Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	50 000	55 000	60 000	
	Other expenditure		5 487	5 487	5 487	5 487	5 487	5 487	5 487	5 487	5 487	5 487	5 487	5 487	76 928	75 114	78 307	
	Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Expenditure</b>		<b>67 645</b>	<b>74 645</b>	<b>64 645</b>	<b>64 645</b>	<b>64 645</b>	<b>64 645</b>	<b>64 645</b>	<b>64 645</b>	<b>64 645</b>	<b>64 645</b>	<b>64 645</b>	<b>64 645</b>	<b>959 370</b>	<b>1 003 982</b>	<b>1 074 259</b>	
	<b>Surplus/(Deficit)</b>		<b>314 486</b>	<b>(71 408)</b>	<b>(69 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(37 809)</b>	<b>(95 873)</b>	<b>(93 300)</b>	
	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		123 907	1 067	-	-	854	-	-	-	-	-	-	-	299 937	327 484	347 694	
	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)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>438 393</b>	<b>(70 341)</b>	<b>(69 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>282 128</b>	<b>231 611</b>	<b>254 394</b>	
	Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Surplus/(Deficit)</b>		<b>438 393</b>	<b>(70 341)</b>	<b>(69 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>(64 582)</b>	<b>282 128</b>	<b>231 611</b>	<b>254 394</b>	





DC38 Ngaka Modiri Molema - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

R thousand	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			
	<b>Revenue - Functional</b>																			
	<b>Government and administration</b>		382 069	283	283	283	283	283	305 987	383	293	229 573	383	259	283	920 362	908 045	980 893		
	Executive and council																			
	Finance and administration		382 069	283	283	283	283	305 987	383	293	229 573	383	259	283	920 362	908 045	980 893			
	Internal audit		5	5	5	5	5	5	5	5	5	5	5	5	5	60	63	66		
	<b>Community and public safety</b>																			
	Community and social services																			
	Sport and recreation																			
	Public safety																			
	Housing																			
	Health		5	5	5	5	5	5	5	5	5	5	5	5	5	60	63	66		
	<b>Economic and environmental services</b>		124 381	1 067				99 125	1 233			75 269				301 076	327 694	347 694		
	Planning and development		124 381	380			99 125	380	1 233			74 629				298 515	324 781	344 835		
	Road transport			1 067				854				640				2 551	2 703	2 859		
	Environmental protection																			
	<b>Trading services</b>																			
	Energy sources																			
	Water management																			
	Waste water management																			
	Waste management																			
	<b>Other</b>																			
	<b>Total Revenue - Functional</b>		506 455	1 355	288	288	99 413	307 226	388	298	304 847	388	286	286	1 221 498	1 235 592	1 328 653			
	<b>Expenditure - Functional</b>																			
	<b>Government and administration</b>		36 424	36 424	36 424	36 424	36 424	36 424	36 424	36 424	36 424	36 424	36 424	36 424	36 424	437 814	465 261	501 244		
	Executive and council		3 889	3 889	3 889	3 889	3 889	3 889	3 889	3 889	3 889	3 889	3 889	3 889	3 889	46 671	49 655	51 870		
	Finance and administration		31 449	31 449	31 449	31 449	31 449	31 449	31 449	31 449	31 449	31 449	31 449	31 449	31 449	376 903	400 634	433 920		
	Internal audit		1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	14 240	14 972	15 455		
	<b>Community and public safety</b>		12 293	12 293	12 293	12 293	12 293	12 293	12 293	12 293	12 293	12 293	12 293	12 293	12 293	159 749	159 749	172 116		
	Community and social services		1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	15 717	13 855	14 756		
	Sport and recreation																			
	Public safety		11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	11 097	133 163	127 622	138 125		
	Housing																			
	Health															17 251	18 271	19 235		
	<b>Economic and environmental services</b>		3 406	3 406	3 406	3 406	3 406	3 406	3 406	3 406	3 406	3 406	3 406	3 406	3 406	54 209	57 631	60 677		
	Planning and development		2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	35 915	38 219	40 395		
	Road transport		439	439	439	439	439	439	439	439	439	439	439	439	439	18 294	19 412	20 282		
	Environmental protection																			
	<b>Trading services</b>		23 018	23 018	23 018	23 018	23 018	23 018	23 018	23 018	23 018	23 018	23 018	23 018	23 018	301 217	321 341	340 222		
	Energy sources																			
	Water management		17 005	17 005	17 005	17 005	17 005	17 005	17 005	17 005	17 005	17 005	17 005	17 005	17 005	229 054	240 689	255 608		
	Waste water management		4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	50 000	52 500	55 125		
	Waste management		1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	22 162	28 152	29 489			
	<b>Other</b>																			
	<b>Total Expenditure - Functional</b>		75 142	75 142	70 976	80 976	70 976	90 976	80 976	70 976	70 976	100 976	70 976	100 976	70 976	959 370	1 003 982	1 074 259		
	<b>Surplus/(Deficit) before assoc.</b>		431 313	(73 787)	(70 686)	(80 686)	28 438	216 250	(80 588)	(80 588)	(70 678)	233 872	(100 041)	(100 041)	(100 041)	282 128	231 611	254 394		
	Share of surplus/ (deficit) of associate																			
	<b>Surplus/(Deficit)</b>	1	431 313	(73 787)	(70 686)	(80 686)	28 438	216 250	(80 588)	(80 588)	(70 678)	233 872	(100 041)	(100 041)	(100 041)	282 128	231 611	254 394		

DC38 Ngaka Modiri Molema - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
			July	August	Sept	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
	<b>Multi-year expenditure to be appropriated</b>	1																
	Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 3 - Finance, Economy & Enterprise Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 5 - Development & Town Planning Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 6 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 7 - Public Works & Basic Services		16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	196 013	315 000	334 500
	Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Capital multi-year expenditure sub-total</b>	2	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	16 334	196 013	315 000	334 500
	<b>Single-year expenditure to be appropriated</b>																	
	Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 2 - Municipal Manager		8	8	8	8	8	8	8	8	8	8	8	8	8	100	-	-
	Vote 3 - Finance, Economy & Enterprise Development		68	68	68	68	68	68	68	68	68	68	68	68	68	811	1 253	1 468
	Vote 4 - Corporate Services		843	843	843	843	843	843	843	843	843	843	843	843	843	10 120	10 626	11 157
	Vote 5 - Development & Town Planning Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 6 - Community Services		3 418	3 418	3 418	3 418	3 418	3 418	3 418	3 418	3 418	3 418	3 418	3 418	3 418	41 150	6 758	7 425
	Vote 7 - Public Works & Basic Services		9 715	9 715	9 715	9 715	9 715	9 715	9 715	9 715	9 715	9 715	9 715	9 715	9 715	116 582	24 776	26 039
	Vote 8 - Internal Audit		42	42	42	42	42	42	42	42	42	42	42	42	42	509	309	324
	Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Capital single-year expenditure sub-total</b>	2	14 094	14 094	14 094	14 094	14 094	14 094	14 094	14 094	14 094	14 094	14 094	14 094	14 094	169 271	43 722	46 413
	<b>Total Capital Expenditure</b>	2	30 429	30 429	30 429	30 429	30 429	30 429	30 429	30 429	30 429	30 429	30 429	30 429	30 429	365 284	358 722	380 913



DC38 Ngaka Modiri Molema - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

R thousand	Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
			July	August	Sept	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
1	<b>Capital Expenditure - Functional</b>		962	962	962	962	962	962	962	962	962	962	962	962	962	11 539	12 188	12 949
	<b>Government and administration</b>		8	8	8	8	8	8	8	8	8	8	8	8	8	100	-	-
	Executive and council		911	911	911	911	911	911	911	911	911	911	911	911	911	10 931	11 879	12 625
	Finance and administration		42	42	42	42	42	42	42	42	42	42	42	42	509	309	324	
	Internal audit		3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	41 150	6 758	7 425	
	<b>Community and public safety</b>		2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	35 000	-	-	
	Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sport and recreation		500	500	500	500	500	500	500	500	500	500	500	500	6 000	6 600	7 260	
	Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Housing		13	13	13	13	13	13	13	13	13	13	13	13	150	158	165	
	Health		223	223	223	223	223	223	223	223	223	223	223	223	2 681	2 831	2 996	
	<b>Economic and environmental services</b>		10	10	10	10	10	10	10	10	10	10	10	10	120	128	137	
	Planning and development		213	213	213	213	213	213	213	213	213	213	213	213	2 561	2 703	2 859	
	Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Environmental protection		25 826	25 826	25 826	25 826	25 826	25 826	25 826	25 826	25 826	25 826	25 826	25 826	309 914	336 945	357 542	
	<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Energy sources		12 559	12 559	12 559	12 559	12 559	12 559	12 559	12 559	12 559	12 559	12 559	12 559	150 714	184 945	317 542	
	Water management		13 267	13 267	13 267	13 267	13 267	13 267	13 267	13 267	13 267	13 267	13 267	13 267	159 200	152 000	40 000	
	Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	<b>Total Capital Expenditure - Functional</b>		30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	365 284	358 722	380 913
	<b>Funded by:</b>		24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	292 995	317 831	337 496
	National Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers and subsidies - capital (monetary allocations) (National / Provincial		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers recognised - capital		24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	24 416	292 995	317 831	337 496
	<b>Borrowing</b>		6 024	6 024	6 024	6 024	6 024	6 024	6 024	6 024	6 024	6 024	6 024	6 024	6 024	72 289	40 891	43 417
	<b>Internally generated funds</b>		30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	365 284	358 722	380 913
	<b>Total Capital Funding</b>		30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	365 284	358 722	380 913

DC38 Ngaka Modiri Molema - Supporting Table SA30 Budgeted monthly cash flow

R thousand	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	MONTHLY CASH FLOWS												Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	July	August	Sept.	October	November	December	January	February	March	April	May	June			
<b>Cash Receipts By Source</b>															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	11	11	11	11	11	11	11	11	11	11	11	11	134	140	147
Service charges - sanitation revenue	10	10	10	10	10	10	10	10	10	10	10	10	114	120	125
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	18 230,00	18	18	18	18	18	18	18	18	18	18	18	219	219	219
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	1 631,83	2	2	2	2	2	2	2	2	2	2	2	20	20	21
Agency services	382 069	3 175	-	-	-	305 987	-	229 573	-	-	-	-	920 804	907 326	980 150
Other revenue	13	13	13	13	13	13	13	13	13	13	13	13	230	241	252
<b>Cash Receipts by Source</b>	<b>382 123</b>	<b>3 228</b>	<b>54</b>	<b>54</b>	<b>64</b>	<b>306 041</b>	<b>54</b>	<b>229 627</b>	<b>54</b>	<b>64</b>	<b>64</b>	<b>94</b>	<b>921 520</b>	<b>908 066</b>	<b>980 915</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	123 907	1 067	-	-	99 125	854	-	74 984	-	-	-	-	299 937	327 464	347 694
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>506 029</b>	<b>4 296</b>	<b>54</b>	<b>54</b>	<b>99 189</b>	<b>306 895</b>	<b>54</b>	<b>304 612</b>	<b>54</b>	<b>64</b>	<b>64</b>	<b>94</b>	<b>1 221 457</b>	<b>1 235 550</b>	<b>1 328 609</b>
<b>Cash Payments by Type</b>															
Employee related costs	29 714	29 714	29 714	29 714	56 429	29 714	29 714	29 714	29 714	29 714	29 714	33 014	386 555	400 999	426 417
Remuneration of councillors	1 183	1 183	1 183	1 183	1 183	1 183	1 183	1 183	1 183	1 183	1 183	1 183	14 198	15 206	15 526
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	3 000	-	5 000	-	-	2 000	-	2 500	-	-	-	2 500	18 500	19 425	20 396
Other materials	11 063	8 463	8 963	8 463	8 963	8 943	8 963	8 963	8 963	8 963	19 243	135 931	130 410	135 931	143 777
Contracted services	9 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	10 742	67 608	67 608	66 210	70 568
Transfers and grants - other municipalities	-	10 000	-	-	10 000	10 000	10 000	10 000	10 000	10 000	-	-	50 000	55 000	60 000
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	115 000	20 833	10 833	10 833	-	10 833	10 833	10 833	10 833	10 833	21 667	255 000	103 669	103 669	106 110
<b>Cash Payments by Type</b>	<b>169 402</b>	<b>74 636</b>	<b>60 136</b>	<b>54 636</b>	<b>81 850</b>	<b>72 136</b>	<b>85 116</b>	<b>67 536</b>	<b>65 036</b>	<b>55 036</b>	<b>88 349</b>	<b>922 302</b>	<b>795 659</b>	<b>842 795</b>	
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	30 440	358 722	380 913	380 913
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>199 843</b>	<b>105 076</b>	<b>90 576</b>	<b>85 076</b>	<b>122 290</b>	<b>102 576</b>	<b>95 556</b>	<b>97 976</b>	<b>95 476</b>	<b>85 476</b>	<b>118 789</b>	<b>1 287 556</b>	<b>1 154 381</b>	<b>1 223 709</b>	
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>306 187</b>	<b>(100 780)</b>	<b>(90 522)</b>	<b>(85 022)</b>	<b>(23 101)</b>	<b>204 319</b>	<b>(85 502)</b>	<b>(206 636)</b>	<b>(85 422)</b>	<b>(85 412)</b>	<b>(118 695)</b>	<b>(66 129)</b>	<b>81 169</b>	<b>104 900</b>	
Cash/cash equivalents at the monthly year begin:	205 356	602 545	507 765	411 243	326 221	303 719	507 438	411 936	323 124	529 760	434 338	296 359	230 230	311 399	
Cash/cash equivalents at the monthly year end:	602 545	507 765	411 243	326 221	303 119	507 438	411 936	323 124	529 760	434 338	230 230	311 399	416 299		



# NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

## 2.10 Capital Expenditure Details

**Table 47: Supporting Table SA34a Capital expenditure on new assets by asset class**

R thousand	Description	Ref	2016/17		2017/18		2018/19		Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	114 890	Audited Outcome	232 893	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
	<b>Capital expenditure on new assets by Asset Class/Sub-classes</b>	1											
	<b>Infrastructure</b>		85 147	114 890	232 893	98 230	149 628	149 628	112 268	252 430	323 722		
	Roads Infrastructure		-	-	-	2 691	2 691	2 691	2 561	2 703	2 859		
	Roads		-	-	-	2 691	2 691	2 691	2 561	2 703	2 859		
	Capital Spares		-	-	-	-	-	-	-	-	-		
	Water Supply Infrastructure		-	114 890	232 893	54 789	43 621	43 621	72 734	172 030	303 982		
	Dams and Weirs		-	-	-	-	-	-	-	-	-		
	Boreholes		-	-	-	-	-	-	-	-	-		
	Reservoirs		-	114 890	232 893	10 000	5 500	5 500	8 600	9 030	9 482		
	Pump Stations		-	-	-	-	-	-	-	-	-		
	Water Treatment Works		-	-	-	-	-	-	-	-	-		
	Bulk Mains		-	-	-	44 789	38 121	38 121	64 134	163 000	294 500		
	Distribution		-	-	-	-	-	-	-	-	-		
	PRV Stations		-	-	-	-	-	-	-	-	-		
	Capital Spares		-	-	-	-	-	-	-	-	-		
	Sanitation Infrastructure		85 147	-	-	40 750	103 316	103 316	36 973	77 697	16 881		
	Pump Station		-	-	-	40 750	2 751	2 751	10 973	21 000	4 000		
	Retiulation		85 147	-	-	-	100 565	100 565	26 000	56 697	12 881		
	Waste Water Treatment Works		-	-	-	-	-	-	25 000	-	-		
	<b>Community Assets</b>		-	-	-	-	-	-	25 000	-	-		
	Community Facilities		-	-	-	-	-	-	25 000	-	-		
	Halls		-	-	-	-	-	-	-	-	-		
	Centres		-	-	-	-	-	-	-	-	-		
	Croches		-	-	-	-	-	-	-	-	-		
	Clinics/Care Centres		-	-	-	-	-	-	-	-	-		
	Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-		
	<b>Other assets</b>		459	1 593	4 577	17 630	16 500	16 500	16 500	16 500	16 500		
	Operational Buildings		459	1 593	4 577	17 630	16 500	16 500	16 500	16 500	16 500		
	Municipal Offices		-	-	-	-	-	-	-	-	-		
	Psy/Enquiry Points		-	-	-	-	-	-	-	-	-		
	Building Plan Offices		-	-	-	-	-	-	-	-	-		
	Workshops		-	-	-	-	-	-	-	-	-		
	Yards		-	-	-	1 130	-	-	-	-	-		
	Stores		-	-	-	-	-	-	-	-	-		
	<b>Intangible Assets</b>		-	-	-	4 200	3 600	3 600	4 676	5 309	5 723		
	Services		-	-	-	-	-	-	-	-	-		
	Licences and Rights		-	-	-	4 200	3 600	3 600	4 676	5 309	5 723		
	Water Rights		-	-	-	-	-	-	-	-	-		
	Effluent Licenses		-	-	-	-	-	-	-	-	-		
	Solid Waste Licenses		-	-	-	-	-	-	-	-	-		
	Computer Software and Applications		-	-	-	4 200	3 600	3 600	4 676	5 309	5 723		
	Lead Settlement Software Applications		-	-	-	-	-	-	-	-	-		
	Unspecified		-	-	-	-	-	-	-	-	-		
	<b>Computer Equipment</b>		-	-	-	1 740	890	890	5 839	5 828	6 143		
	Computer Equipment		-	-	-	1 740	890	890	5 839	5 828	6 143		
	<b>Furniture and Office Equipment</b>		-	-	-	4 680	1 500	1 500	1 206	1 257	1 323		
	Furniture and Office Equipment		-	-	-	4 680	1 500	1 500	1 206	1 257	1 323		
	<b>Machinery and Equipment</b>		-	-	-	500	820	820	150	158	165		
	Machinery and Equipment		-	-	-	500	820	820	150	158	165		
	<b>Transport Assets</b>		-	-	-	14 700	14 010	14 010	17 500	20 040	21 372		
	Transport Assets		-	-	-	14 700	14 010	14 010	17 500	20 040	21 372		
	<b>Land</b>		-	-	-	-	-	-	2 000	2 100	2 205		
	Land		-	-	-	-	-	-	2 000	2 100	2 205		
	<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-		
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-		
	<b>Total Capital Expenditure on new assets</b>	1	85 606	116 484	237 470	141 679	186 948	186 948	168 638	287 122	360 653		

# NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

**Table 48: Supporting Table SA34b Capital expenditure on the renewal of existing asset by asset class**  
 DC38 Ngaka Modiri Molema - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

R thousand	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	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23			
	<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>														
	<b>Infrastructure</b>														
	Water Supply Infrastructure		-	-	-	-	-	-	16 206	11 206	11 206	11 206	16 233	6 600	7 260
	<i>Dams and Weirs</i>		-	-	-	-	-	-	16 206	11 206	11 206	16 233	6 600	7 260	
	<i>Boreholes</i>														
	<i>Reservoirs</i>														
	<i>Pump Stations</i>														
	<i>Water Treatment Works</i>														
	<i>Bulk Mains</i>														
	<i>Distribution</i>								16 206	11 206	11 206	10 233	-	-	-
	<b>Community Assets</b>														
	Community Facilities														
	<i>Halls</i>														
	<i>Centres</i>														
	<i>Crèches</i>														
	<i>Clinics/Care Centres</i>														
	<i>Fire/Ambulance Stations</i>														
	<b>Total Capital Expenditure on renewal of existing</b>	1	-	-	-	-	-	-	16 206	11 206	11 206	26 233	6 600	7 260	
	<b>Renewal of Existing Assets as % of total capex</b>		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	4,7%	3,3%	3,3%	7,2%	1,8%	1,9%	
	<b>Renewal of Existing Assets as % of deprecn "</b>		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	8,8%	5,8%	5,8%	12,2%	2,8%	2,8%	



# NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

**Table 49: Supporting Table SA34c Repairs and maintenance expenditure by asset class**

DC38 Ngaka Modiri Molema - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2016/17		2017/18		2018/19		Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	26 026	Audited Outcome	4 118	Audited Outcome	52 084	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>													
<b>Infrastructure</b>							115 500	168 216	168 216	130 410	136 931	143 777	
Roads Infrastructure		3 196		1 000		8 269							
Roads		3 196		1 000		8 269							
Water Supply Infrastructure		22 830		3 118		43 815	115 500	168 216	168 216	79 210	85 323	89 589	
Dams and Weirs		-		-		-	-	-	-	-	-	-	
Boreholes		-		-		-	28 500	101 565	101 565	28 210	6 678	7 011	
Reservoirs		22 830		3 118		43 815							
Pump Stations		-		-		-							
Water Treatment Works		-		-		-	60 000	41 651	41 651				
Bulk Mains		-		-		-							
Distribution		-		-		-	27 000	25 000	25 000	51 000	78 645	82 577	
Distribution Points		-		-		-							
PRV Stations		-		-		-							
Capital Spares		-		-		-							
Sanitation Infrastructure		-		-		-							
Pump Station		-		-		-				51 200	51 608	54 188	
Reticulation		-		-		-							
Waste Water Treatment Works		-		-		-							
Outfall Sewers		-		-		-				51 200	51 608	54 188	
Capital Spares		-		-		-							
<b>Community Assets</b>													
Community Facilities		-		-		-							
<b>Other assets</b>		1 729		5 832		6 308							
Operational Buildings		1 729		5 832		6 308							
Municipal Offices		1 729		5 832		6 308							
<b>Total Repairs and Maintenance Expenditure</b>	1	27 755		9 951		58 392	115 500	168 216	168 216	130 410	136 931	143 777	
<b>R&amp;M as a % of PPE</b>		0.6%		0.2%		1.1%	2.2%	3.1%	3.1%	0.0%	2.5%	2.5%	
<b>R&amp;M as % Operating Expenditure</b>		4.3%		1.6%		7.4%	13.6%	18.3%	18.3%	0.0%	14.3%	14.3%	

# NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

**Table 50: Supporting Table SA34d Depreciation by asset class**  
 DC38 Ngaka Modiri Molema - Supporting Table SA34d Depreciation by asset class

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	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		
<b>R thousand</b>	1													
<b>Depreciation by Asset Class/Sub-class</b>														
<b>Infrastructure</b>		191 017	176 508	187 366	184 257	194 216	194 216	194 216	214 270	235 698	259 267			
Water Supply Infrastructure		191 017	176 508	187 366	184 257	194 216	194 216	194 216	214 270	235 698	259 267			
Distribution		191 017	176 508	187 366	184 257	194 216	194 216	194 216	214 270	235 698	259 267			
<b>Other assets</b>		3 888	9 013	9 901	-	-	-	-	-	-	-	-	-	-
Operational Buildings		3 888	9 013	9 901	-	-	-	-	-	-	-	-	-	-
Municipal Offices		3 888	9 013	9 901	-	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		616	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		616	-	-	-	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		956	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		956	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		1 506	-	-	-	-	-	-	-	-	-	-	-	-
Transport Assets		1 506	-	-	-	-	-	-	-	-	-	-	-	-
<b>Land</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Depreciation</b>	1	197 983	185 521	197 267	184 257	194 216	194 216	194 216	214 270	235 698	259 267			

# NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

**Table 51: Supporting Table SA34e Capital expenditure on the upgrading of existing asset by asset class**

DC38 Ngaka Modiri Molema - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

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	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23			
<b>R thousand</b>	1													
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>														
<b>Infrastructure</b>														
Water Supply Infrastructure		-	-	-	-	-	-	189 989	139 971	139 971	139 971	170 413	65 000	13 000
Distribution		-	-	-	-	-	-	104 669	42 838	42 838	42 838	77 213	3 000	-
Distribution Points		-	-	-	-	-	-	104 669	42 838	42 838	42 838	77 213	3 000	-
PRV Stations		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	85 320	97 133	97 133	97 133	93 200	62 000	13 000
Pump Station		-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	85 320	27 318	27 318	27 318	93 200	62 000	13 000
Outfall Sewers		-	-	-	-	-	-	-	69 815	69 815	69 815	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on upgrading of existing a</b>	1	-	-	-	-	-	-	189 989	139 971	139 971	139 971	170 413	65 000	13 000
<b>Upgrading of Existing Assets as % of total capex</b>		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	54,6%	41,4%	41,4%	41,4%	46,7%	18,1%	3,4%
<b>Upgrading of Existing Assets as % of deprecn"</b>		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	103,1%	72,1%	72,1%	72,1%	79,5%	27,6%	5,0%



# NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

**Table 52: Supporting Table SA35 Future financial implications of the capital budget**  
 DC38 Nkaka Modiri Molema - Supporting Table SA35 Future financial implications of the capital budget

R thousand	Vote Description	Ref	2020/21 Medium Term Revenue & Expenditure Framework					Forecasts			
			Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Present value		
	<b>Capital expenditure</b>	1									
	Vote 1 - Executive and Council		100	-	-	-					
	Vote 2 - Municipal Manager		811	-	-	-					
	Vote 3 - Finance, Economy & Enterprise Development			1 253	1 468						
	Vote 4 - Corporate Services		10 120	10 626	11 157						
	Vote 5 - Development & Town Planning Services										
	Vote 6 - Community Services		41 150	6 758	7 425						
	Vote 7 - Public Works & Basic Services		312 595	339 776	360 539						
	Vote 8 - Internal Audit		509	309	324						
	Vote 9 - [NAME OF VOTE 9]										
	Vote 10 - [NAME OF VOTE 10]										
	Vote 11 - [NAME OF VOTE 11]										
	Vote 12 - [NAME OF VOTE 12]										
	Vote 13 - [NAME OF VOTE 13]										
	Vote 14 - [NAME OF VOTE 14]										
	Vote 15 - [NAME OF VOTE 15]										
	<i>List entity summary if applicable</i>										
	<b>Total Capital Expenditure</b>	2	365 284	358 722	380 913	-	-	-	-	-	-
	<b>Future operational costs by vote</b>										
	Vote 1 - Executive and Council										
	Vote 2 - Municipal Manager										
	Vote 3 - Finance, Economy & Enterprise Development										
	Vote 4 - Corporate Services										
	Vote 5 - Development & Town Planning Services										
	Vote 6 - Community Services										
	Vote 7 - Public Works & Basic Services										
	Vote 8 - Internal Audit										
	Vote 9 - [NAME OF VOTE 9]										
	Vote 10 - [NAME OF VOTE 10]										
	Vote 11 - [NAME OF VOTE 11]										
	Vote 12 - [NAME OF VOTE 12]										
	Vote 13 - [NAME OF VOTE 13]										
	Vote 14 - [NAME OF VOTE 14]										
	Vote 15 - [NAME OF VOTE 15]										
	<i>List entity summary if applicable</i>										
	<b>Total future operational costs</b>	3	-	-	-	-	-	-	-	-	-
	<b>Future revenue by source</b>										
	Property rates										
	Service charges - electricity revenue										
	Service charges - water revenue										
	Service charges - sanitation revenue										
	Service charges - refuse revenue										
	Rental of facilities and equipment										
	<i>List other revenues sources if applicable</i>										
	<i>List entity summary if applicable</i>										
	<b>Total future revenue</b>		365 284	358 722	380 913	-	-	-	-	-	-
	<b>Net Financial Implications</b>										

# NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

## **2.11 Legislative Compliance Status**

This section highlights compliance status with the Municipal Finance Management Act 56 of 2003 and implementation requirements throughout the year. The following compliance issues are reported.

### **In-year reporting**

As far as in-year reporting is concern, the municipality has successfully complied with MFMA requirements. Section 52 (d), 71 & 72 reports were presented by the mayor and adopted by the municipal council with exception to the last quarter which was affected by COVID-19 pandemic.

### **Internship programme**

Since the introduction of the MFMA internship programme the district municipality has successfully trained and employed 20 and 17 Finance Management Interns, respectively. Many of these interns were appointed in Budget and Treasury Office. For the 2019/20 financial year, the municipality appointed six (6) FMG Interns who started their contract on the 1 July 2019 for period of two years. However, it should be noted that the contract for the first FMG intern's intake expired on the 12 June 2020 and decided to extend the contract to fully comply with training programme.

### **Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA and the Chief Financial Officer is appointed on a 5-year term contract since 1 January 2018.

### **Audit Committee**

The new audit committee was appointed on 1 April 2018 and its fully functional.

### **Service Delivery Budget and Implementation Plan**

The detail Service Delivery Budget and Implementation Plan document will be presented at council together with proposed 2020/21 MTREF.

# NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

## **Annual Report**

The Executive Mayor informed the Council on the delay of the tabling of the Annual Report for 2018/2019 financial year (council resolution no. SC 72/2020). The delay was due to the phasing in of the newly amended Public Audit Act. As results, the audit report was finalized beyond the expected scope of 30 November 2019 by Auditor General South Africa. In light with the above, the Annual Report was tabled on the 29th of May 2020 (Resolution no: C79/2020), and it has been compiled and adopted in terms of the MFMA requirements.

## **MFMA Competency Training**

Under MFMA competency training, the municipality will enroll all FMG interns in the new financial year. Senior managers and Budget & Treasury Office, especially SCM unit is fully compliant with the gazette issued by National Treasury in 2007.

## **Municipal Policies**

Policies and procedures are living documents that should grow and adapt with organisational objectives and goals. As results, regular review of policies and procedures keeps the organisation up to date with regulations, technology, and industry best practices. On the other hand, policy review ensures that the organisational policies are consistent and effective its day-to-day operations. For 2020/21 budget year, no major amended were made on Ngaka Modiri Molema District Municipality.

## **mSCOA Compliance**

On the 1 July 2017, the municipality implemented mSCOA regulations. The 2019/20 budget schedules (A1; B & C) were prepared and directly extracted from the system. On monthly basis, data-strings were successfully submitted to national treasury database.

## NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

### 2.12 Recommendations

It is recommended that council consider and adopt Annual Operating and Capital budget for 2020/21 financial year as indicated below: -

2.12.1 Operating revenue framework to the amount of R 921,561 million

2.12.2 Operating expenditure budget to the amount of R959,370 million

2.12.3 Capital expenditure budget to the amount of R 365, 284 million

2.12.4 Total revenue budget of R 1,221,498 billion

2.12.5 Grants and subsidies capital to the amount of R 299, 937 million

2.12.6 Schedule A1 to A10 budget and accompanying supporting tables

2.12.7 The budget-related policies accompanying the MTREF budget for 2020/21 MTREF

2.12.8 Adopt the cost containment measures as instructed by National Treasury in MFMA Circular No.82, 89, 91, 93; 94 & 98

2.12.9 Make 2020/21 Annual budget public on the foyers of all municipal buildings, public libraries within the municipality, municipal website and tribal authorities

2.12.10 Submit both printed and electronic formats to the National Treasury and other relevant provincial treasuries

# NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

## MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I OA LOSABA....., Municipal Manager of Ngaka Modiri Molema District Municipality (DC38), hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: BHEHLE AWA LOSABA

Municipal manager of Ngaka Modiri Molema District Municipality (DC38)


Signature: [Handwritten Signature]

Date: 28/06/2020

**NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY**

Comments \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Prepared by:



Mr. M. A. Ntaopane

Manager: Budget, Cashflow and Reporting

Date: 28/6/2020

Reviewed by:

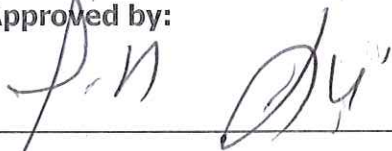


Mr. S.S. Mphato

Chief Financial Officer

Date: 28/6/2020

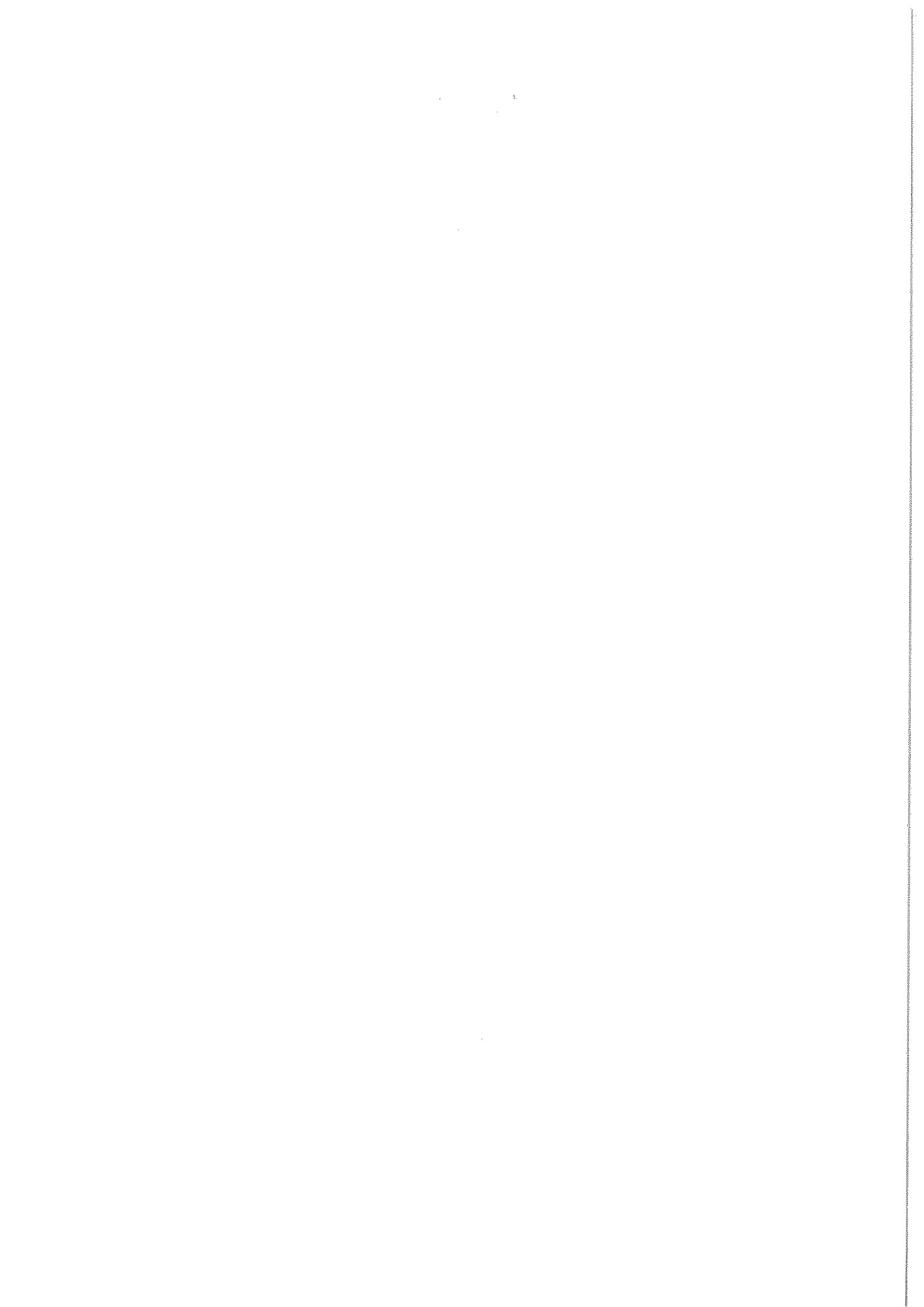
Approved by:



Mr. O.A. Losaba

Municipal Manager

Date: 28/06/2020





**Certification that the adopted budget for 2020/21 is correctly captured and locked on the municipality's financial management system**

*(as requested by National Treasury in terms of section 74 of the MFMA, with reference to paragraph 6.3 of MFMA Budget Circular 59 dated 16 March 2012)*

I, **Olehile Allan Losaba** in my capacity as accounting officer of the municipality, hereby certify that:

- The adopted annual budget has been captured on the municipality's financial system;
- There is 100 per cent reconciliation between the budget on the system and the budget adopted by council;
- The adopted annual budget on the municipality's financial system is locked and will not be changed as it serves as the baseline against which to monitor and measure performance; and
- The relevant budget return forms have been submitted to the local government database.

I, further certify that the municipality has in place controls to ensure that any changes to the adopted budget will be captured separately and only in accordance with:

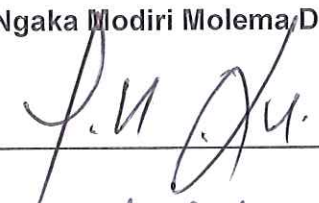
- a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and
- an adjustments budget approved by council.

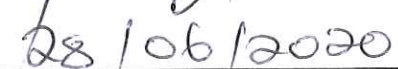
Print Name : **Mr. Olehile Allan Losaba**

Municipal Manager of : **Ngaka Modiri Molema District Municipality \_DC38**

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

  
\_\_\_\_\_

  
\_\_\_\_\_

This certificate must be submitted to National Treasury by close of business 14 July 2020 at the following email address: [lqdocuments@treasury.gov.za](mailto:lqdocuments@treasury.gov.za).

Also send copies to the Auditor General and the relevant provincial treasury

