

Letsemeng Local Municipality



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2021-22

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PART 1

MAYORAL SPEECH

Honourable Chief Whip

Honourable Chairpersons of Committees

Honourable Councillors

Municipal Manager

Senior Managers

ALL Municipal Staff

Members of the community

Ladies and Gentlemen

Dumelang

Honourable Councillors, It is a privilege and honour to deliver this Budget for the 2021/22 financial year to the people of Letsemeng Local Municipality

Sadly, as the Municipality we are not doing well in terms of COVID19 protocols. The Letsemeng Local Municipality has become epicentre in the Xhariep district

Honourable Councillors

We remind our people to continue observing health protocols to protect themselves and their loved ones from this virus.

The government has begun with phase two of the vaccination rollout that seeks to vaccinate both healthcare workers and the elderly over the age of 60. The program for educators is underway.

Although registration to be vaccinated is entirely voluntary, we encourage our senior citizens to use this opportunity and register.

Council salute the healthcare workers and municipal employees who continued to serve our people with distinction when the virus first broke out in our country and municipality.

Honourable Councillors,

By law, the mayor of a municipality must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies.

This aims to ensure that the tabled budget and any reviews of the integrated development plan and budget-related policies are mutually consistent and credible.

This particular budget is tabled under very tough economic conditions. Millions of South Africans have lost their jobs and business activity remains unresponsive. Unemployment in South Africa has risen with a staggering percentage of which our Municipality is not immune to this harsh reality. Letsemeng municipality is marred by unemployment, poverty and inequality, with an alarming increase of drug and substance abuse.

Honourable Councillors; in order to reduce unemployment in the municipality and at the same time speed up service delivery. The Municipality has taken a decision to fill all critical post on the organogram. This will be done in phases, starting with the budgeted posts, which are all post that are vacant as a result of people who resigned, on pension, dismissed, including the general workers positions as reflected on the organogram.

Despite the tight budget allocated to municipalities, we must use it optimally to provide infrastructure needed to provide sustainable services in our communities.

We reassure the residents of Letsemeng Local Municipality that despite this challenge, uninterrupted service delivery remains our top priority as we strive to build a municipality that belongs to all who live in it.

To speed up service delivery the municipality has committed a budget to increase the response capacity of our yellow-fleet with a lease to own arrangements.

Honourable Councillors

The challenges we face today compel us to come together and fight them in unison.

To this effect; the District, in collaboration with the Provincial Cogta, are currently embarking on the Economic Recovery Plan, which is intended to compliment the LED strategy that the municipality is intending to implement.

This initiative is solely intended to support the municipality in terms of bankable projects so as to inject the economy by prioritising bulk infrastructure projects.

The budget we are presenting to this council today, continues to build on a solid foundation laid by the ANC led government over the past 27 years.

We have made many great strides in more ways than one since the dawn of democracy, considering many decades of disregard by previous regimes.

As indicated by the Honourable Premier in the State of the Province Address; she said, as the province, through our economic reconstruction and recovery interventions, we want to revitalise the economy and bring long-lasting solutions to our challenges.

Honourable Councillors

We admit that much still needs to be done for a better life for all. We can only realise this if we join hands and work together to address the triple challenges of poverty, unemployment, and inequality.

In-line with the government's mission to fast-track economic development in the country, DESTEa through its agency Free State Development Corporation (FDC) has identified a need to establish a container park for SMMEs in Koffiefontein. This will be a collaborative effort between Letsemeng Local Municipality, DESTEa and Petra Diamonds.

This is one of the projects that are earmarked to kick-start this financial year as it was contained in the recent State of the Province address by Premier Hon S Ntombela.

The Government realized that SMMEs need development and support, as job creation will be realized by supporting these small players to create the much needed employment opportunities.

Small and medium enterprises are the growth drivers of our economy. COVID-19 relief funding to the value of R778 thousand has been disbursed to the beneficiaries in the first phase. These are small and medium businesses, mainly in all towns of Letsemeng.

Therefore; Honourable Councillors

It is also of cardinal importance that members of Letsemeng to be duly reminded that the SLP allocated amount from Petra Diamonds is R 10 000 000.00 (Ten Million Rand) of which council has resolved that all our 5 towns will equally be allocated R 2 000 000.00 each that will be implemented through projects identified by our communities.

If all goes as planned, Implementation is expected to commence from 01 July 2021.

Honourable Councillors, on Human Settlement

The Human Settlements Department has prioritize the following Infrastructure projects in Letsemeng local Municipality to be implemented in the 2021/2022 financial year

(Jacobsdal - Ratanang): Design and supervision of water and sewer networks 500 Erven in Letsemeng Local Municipality

(Luckhoff - Relebohile): Design and supervision of water and sewer networks 450 Erven in Letsemeng Local Municipality

(Koffiefontein - Dithlake): Design and supervision of water and sewer networks 1250 Ervens in Luckhoff for 527 sites as well as approval for township establishment. Jacobsdal for 538 sites.

There's a water and sanitation project for 1300 sites that is currently being implemented by the Department of Human Settlements in Koffiefontein.

The Department of Human Settlements is also working with the Municipality on the verification and provision of housing in all towns in Letsemeng.

In order to limit the shortage of sites, the Municipality is currently in the process of subdividing the following land portions:

577 in Koffiefontein which has been donated to the Municipality by Petra Diamonds. 1651 in Dithlake, Koffiefontein.

Honourable Councillors; we have commenced with our programme to distribute land to our people

The Municipality has applied for the transfer of the following land portions to the Municipality for the provision of sustainable Human Settlements

Portion 11 of 12 of Kalkfontein farm in Jacobsdal as well as Phambili Settlement area.

Negotiations for the transfer of Senwes and Transnet land portions will also be followed up in 2021/2022 financial year.

The formalization of business sites between Dithlake and Koffiefontein is currently underway and will be concluded in the 2021/ 2022 financial year

Honourable Councillors

Letsemeng Local Municipality received qualified audit opinion, even though the audit opinion is the same as the one received in 2018/2019 financial year, there was a huge improvement, as Municipality reduced the qualification paragraphs from 12 to 4, and our aim for 2020/2021 audit is to improve our audit opinion to unqualified audit opinion, this can be achieved through hard work and dedication from both Councillors and Municipal staff,

There is an urgent need to accelerate the provision of quality services for our people to create a conducive environment for growth and employment in the municipality

During the preparation process of this budget, we with our communities and other stakeholders.

In putting this budget together, we sought to maintain fiscal discipline, while catering for the basic and pressing needs of our people.

This budget, therefore belongs to the people of letsemeng and we ought to utilize it for their benefit. We must therefore work toward ensuring the people of this Municipality, derive value for money from this budget.

Honourable Councillors,

Collection on own revenue sources has remained a serious challenge over the years with various revenue enhancement strategies currently being implemented to ensure that the municipality remains financially sustainable in the near future and beyond.

Letsemeng Local Municipality is a small municipality which is grant depended, MFMA circular 71 indicates that for a municipality to provide services in a sustainable manner, it must have a collection rate of atleast 95%, Letsemeng Local Municipality payment rate is currently just over 50%, and the non-payment of services by those that can afford to pay for services makes it hard for Municipality to provide sustainable services as mandated by our Constitution, I urge all residents who do not have means to pay for services, and are earning less than R 3 780 combined household income to register as indigents.

The number of households registered on our indigent register are low and are not corresponding with the demographic profile of the Municipality and the official stats as released by Statistics South Africa

Seeing the impact of COVID-19 on businesses, local economic development was our primary focus in the procurement of Personal Protective Equipment. A total of R 651 000 was allocated to Letsemeng Local Municipality by National Government, of this amount, 96% was used to procure personal protective equipment and to fumigate public areas from LOCAL SMMEs, we continue to procure from our local SMMEs using our own funds for personal protective equipment.

All contractors appointed by Letsemeng Local Municipality are requested to subcontract a portion of their contract to local contract in order to develop them.

The total annual revenue budget for our municipality in the 2021/2022 financial year amounts to **R 170 million**

It should be noted honourable Councillors that our budget is an anticipated budget, and in order for us to realise the revenue of R 170 million For the 2021/22 financial year, tariffs needed to be increased in line with the inflation rate, and such the tariffs for all services excluding electricity will increase by 3.9%, and Electricity will increase by 14.9% in line with guideline tariff increases as issued by NERSA..

The following grants will be received from National government:

Equitable Share	R 70 million
Water Services Infrastructure Grant	R 25.5 million
Municipal Infrastructure Grant	R 17.8 million
Expanded Public Works Programme	R 1.1 million
Integrated National Electrification Grant	R 5.8 million
Financial Management Grant	R 2.8 million

The municipality's own revenue source is R 96 million.

The annual expenditure budget of our Municipality in the 2021/22 financial year also amounts to R 149 million excluding non-cash items of R 73.9 million.

The total Capital Budget for 2021/2022 financial year is R 51.2 million, details hereof are as follows:

- Internally generated funds amounts to **R 2.8 Million**
- **Municipal Water System Infrastructure Grant is allocated at R 25 532 000 below are the planned projects for the coming financial year:**

- Refurbishment of the Koffiefontein WTW and construction of new 4.7ml reservoir **R14 332 000**
- Jacobsdal 4.2ml WTW **R11 200 000**
- **Municipal Infrastructure Grant amounting to R 17 894 000, part of this amount will be funding the Project Management Unit related costs. Below are planned projects for the coming financial year:**
- Project Management Unit **R 894 thousand**
- Koffiefontein: Upgrading of existing Waste Disposal Site **R 3.7 million**
- Koffiefontein/Sonwabile: Upgrading of sports facility (Phase 2) **R805 thousand**
- Luckhoff: Closure of existing solid waste site and construction of a new solid waste facility **R 5.6 million**
- Petrusburg: Refurbishment of waste water treatment works **R 6.8 million**
- **Integrated National Electrification Programme is allocated R5 882 000.**
- The following are the budgeted projects for Integrated National Electrification Programme:
- Electrification of Jacobsdal 148 Households Phase 2 **R 3.2 million**
- Electrification of Diamandhoogte 152 Households Phase 2 **R 2.5 million**

Honourable Councillors

In preparation of the annual operational expenditure budget, consideration was given to the current and changing economic climate conditions as well as the cost containment regulations applicable to the local government sector.

ON CAPITAL EXPENDITURE FROM OTHER SPHERES OF GOVERNMENT.

Honourable Councillors,

The Department of Police, Roads and Transport will be rolling out the following projects during this financial year.

1. Rietriver Bridge (Koffiefontein) Phase 1
2. Rietriver Bridge (Koffiefontein) Phase 2
3. Oppermans Access Route, this one is already in the process
4. Jacobsdal Transport Route
5. Verification of 10% of Consulting Services
6. Automated Traffic Counts
7. Vegetation Control at Testing Stations
8. Re-gravelling-Xhariep
9. Road Markings Contract

In conclusion, Honourable Councillors,

We would like to remind our people that the corona virus still remains a threat to our existence.

Let us continue to observe adjusted alert level regulations and health protocols.

We are in this together.

I hereby table the 2021/2022 Medium Term Revenue & Expenditure Framework for approval by the Council.

I thank you.

1.2. RESOLUTIONS

To be included once the council has approved the budget.

1.3. EXECUTIVE SUMMARY

This section provides an overview of the Letsemeng Local Municipality's 2021-22 to 2023-24 Medium Term Revenue and Expenditure Framework. It includes an assessment of how the budget links with the national and provincial government contexts along with a review of the fiscal position of municipality.

The Municipality's budget must be seen within the context of the policies and financial priorities of national, provincial and district government. In essence, the spheres of Government are partners in meeting the service delivery challenges faced by Letsemeng Local Municipality. The municipality alone cannot meet these challenges. It requires support from the other spheres of Government through the direct allocation of resources, both financial and non-financial as well as the achievement of their own policies.

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

- (a) Budgeting for a funded and credible annual budget compared to a balanced budget;
- (b) The 2020-21 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2021-22 annual budget;
- (c) Tariffs on services and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, also as per guideline of Circular 108 except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity;
- (d) 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.

Total operating revenue is at **R 170 335 059** for the 2021-22 financial year. Operating revenue comprises of service charges, property rates and other revenue. We anticipate to collect 90% on prepaid electricity, 75% on property rates, 50% on water services, refuse and sanitation services. We anticipate to collect more than the above mentioned percentages, the water and

electricity meters will be installed, there is continuation of the meter audit as well as the effective implementation of the credit control policy, and this will increase our revenue collection in the next financial year.

Property rates increased from **R23 492 000** to **R24 420 801**, electricity increased from **R23 990 000** to **R26 551 000** this is based on the prior year actual and approved annual increase from NERSA, water increased from **R8 576 000** to **R12 911 000**, waste water management increased from **R9 416 000** to **R10 751 287** and waste management increased from **R9 675 000** to **R11 046 736**. All of the service charges were increased with an average inflation rate of 3.9% except for electricity that increased with 14.9%. Other revenue consist of administration costs, objection costs, photocopies costs and clearance certificates. Municipality is still awaiting NERSA tariff approval for electricity, we have however budgeted for an increase of 14.9% on electricity tariffs in line with the CPI as per the guideline of MFMA budget circular 108.

Total operating expenditure has increased from **R218 049 000** to **R223 222 000** for the 2021-22 financial year when compared to the 2020-21 Adjustment Budget. Total operating expenditure for the 2021-22 financial year translates into a budgeted deficit of **(R 52,887,000 , excluding capital grants)** which includes the non-cash items amounting to **R73 978 095**. **When non-cash items are removed, the budget of the municipality is on a surplus.** The operating expenditure consist of employee related costs, remuneration of Councillors, bulk purchases, contracted services and other expenditure. Employee related costs increased from **R61 072 000** to **R70 205 000** this huge increase is based on the projection of 4.9% increase and the additional funds for new posts that the municipality will be filling in the 2021-22 financial year. Remuneration of Councillors is increased from **R4 572 000** to **R4 827 983** the increase is based on the CPI of 3.9%. Bulk purchases was increased from **R22 000 000** to **R36 000 000**. Contracted services increased from **R11 843 000** to **R14 948 000**, it comprises of EPWP job creation, supplementary valuation roll, Insurance for municipal assets, employee wellness, rental of photocopies machines, telephones and network, maintenance of financial system(Mscoa compliant) and compilation of annual financial statements. Other expenditure increased from **R8 536 000** to **R10 697 000**. Other expenditure consist of human capital development, waste water and water chemicals, accommodation, audit fees, printing and stationery, legal expenses provision for disaster management, office furniture and etc.

As per requirement from National treasury we are expected to budget for non-cash items i.e. Debt Impairment **R25 000 000** and Depreciation and Asset Impairment of **R48 978 095**

1.3. ANNUAL BUDGET TABLES

Below are the annual tables as per the requirements of Municipal Budget and Reporting Regulations:

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

FS161 Letsemeng - Table A1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands										
Financial Performance										
Property rates	15,494	19,212	27,786	23,504	23,974	23,974	–	24,421	25,446	26,566
Service charges	40,668	44,037	47,014	51,511	51,657	51,657	–	61,260	63,833	66,642
Investment revenue	228	151	101	407	407	407	–	423	441	461
Transfers recognised - operational	52,390	83,996	81,566	71,888	84,473	84,473	–	74,281	79,986	76,294
Other own revenue	31,946	26,443	19,200	5,167	9,523	9,523	–	9,950	10,368	10,824
Total Revenue (excluding capital transfers and contributions)	140,726	173,839	175,667	152,478	170,035	170,035	–	170,335	180,075	180,787
Employee costs	44,451	53,698	54,390	58,918	61,072	61,072	–	70,205	73,153	76,372
Remuneration of councillors	3,746	3,991	4,200	4,313	4,572	4,572	–	4,828	5,031	5,252
Depreciation & asset impairment	44,101	46,072	53,537	47,140	47,140	47,140	–	48,978	51,035	53,281
Finance charges	2,335	1,816	2,513	600	2,000	2,000	–	4,000	4,168	4,351
Inventory consumed and bulk purchases	26,632	37,355	32,009	27,940	33,255	33,255	–	43,686	45,521	47,524
Transfers and grants	–	–	–	–	–	–	–	880	917	957
Other expenditure	33,842	180,531	68,021	63,846	70,011	70,011	–	50,645	52,774	55,096
Total Expenditure	155,107	323,463	214,671	202,757	218,049	218,049	–	223,222	232,599	242,833
Surplus/(Deficit)	(14,381)	(149,624)	(39,004)	(50,279)	(48,015)	(48,015)	–	(52,887)	(52,524)	(62,046)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	27,105	12,771	21,356	54,109	50,809	50,809	–	49,308	47,777	49,018
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)	–	–	–	–	–	–	–	147	153	160
Surplus/(Deficit) after capital transfers & contributions	12,724	(136,853)	(17,648)	3,830	2,794	2,794	–	(3,432)	(4,594)	(12,868)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	12,724	(136,853)	(17,648)	3,830	2,794	2,794	–	(3,432)	(4,594)	(12,868)
Capital expenditure & funds sources										
Capital expenditure	1,371,937	1,388,458	1,398,054	59,179	52,053	52,053	–	51,283	49,817	46,273
Transfers recognised - capital	28,327	54,077	83,360	53,381	50,081	50,081	–	48,413	46,826	43,151
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	1,343,610	1,334,381	1,314,694	5,798	1,971	1,971	–	2,870	2,991	3,122
Total sources of capital funds	1,371,937	1,388,458	1,398,054	59,179	52,053	52,053	–	51,283	49,817	46,273
Financial position										
Total current assets	126,050	66,200	128,731	78,672	215,820	215,820	–	96,327	105,467	119,382
Total non current assets	739,187	727,990	703,468	59,179	52,068	52,068	–	132,599	131,368	131,413
Total current liabilities	103,661	156,413	207,752	(66,918)	(75,578)	(75,578)	–	154,590	155,094	160,098
Total non current liabilities	9,151	6,578	4,205	–	–	–	–	–	–	–
Community wealth/Equity	972,604	833,945	854,645	204,770	343,465	343,465	–	74,336	81,741	90,697
Cash flows										
Net cash from (used) operating	44,125	46,630	46,467	43,877	53,935	53,935	(46,274)	55,434	58,498	56,154
Net cash from (used) investing	–	–	–	–	–	–	–	(51,283)	(49,817)	(46,273)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	44,125	46,630	46,467	43,877	53,935	53,935	(46,274)	4,651	13,332	23,213
Cash backing/surplus reconciliation										
Cash and investments available	4,621	4,704	2,139	160,489	232,637	232,637	–	4,651	13,332	23,213
Application of cash and investments	97,664	146,306	154,441	(10,808)	(60,253)	(60,253)	(228,870)	62,380	71,640	72,972
Balance - surplus (shortfall)	(93,042)	(141,602)	(152,302)	171,298	292,890	292,890	228,870	(57,729)	(58,308)	(49,759)
Asset management										
Asset register summary (WDV)	739,187	727,990	703,468	59,179	52,068	52,068	52,068	132,599	131,368	131,413
Depreciation	44,090	43,762	40,305	47,140	47,140	47,140	47,140	48,978	51,035	53,281
Renewal and Upgrading of Existing Assets	1,273,238	1,336,009	1,352,002	33,536	34,768	34,768	34,768	38,999	41,014	37,435
Repairs and Maintenance	1,464	703	333	1,000	600	600	600	1,300	1,355	1,414

FS161 Letsemeng - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		95;552	125;740	130;160	101;878	113;540	113;540	134;395	144;170	143;137
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		95;552	125;740	130;160	101;878	113;540	113;540	134;395	144;170	143;137
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		729	685	608	-	-	-	-	-	-
Community and social services		-	-	27	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		729	685	581	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		(1)	1;000	1;000	-	-	-	1;124	-	-
Planning and development		-	1;000	1;000	-	-	-	1;124	-	-
Road transport		(1)	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		72;373	60;582	62;270	104;709	106;303	106;303	84;271	83;835	86;828
Energy sources		1;639	3;014	7;743	35;865	35;663	35;663	8;279	10;498	10;608
Water management		14;740	10;135	10;369	44;188	44;620	44;620	40;693	36;556	37;820
Waste water management		46;998	36;580	33;983	12;960	14;219	14;219	22;003	22;927	23;935
Waste management		8;995	10;852	10;175	11;695	11;802	11;802	13;297	13;855	14;465
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	168;652	188;007	194;037	206;587	219;844	219;844	219;790	228;005	229;965
Expenditure - Functional										
<i>Governance and administration</i>		141;164	221;574	155;542	143;690	154;035	154;035	151;480	157;843	164;788
Executive and council		16;256	20;488	21;819	10;857	13;699	13;699	16;202	16;882	17;625
Finance and administration		123;724	205;502	132;045	131;276	138;233	138;233	133;169	138;763	144;869
Internal audit		1;184	(4;416)	1;678	1;558	2;103	2;103	2;109	2;198	2;295
<i>Community and public safety</i>		811	6;251	3;868	1;850	1;905	1;905	3;700	3;856	4;025
Community and social services		490	5;729	4;085	950	1;365	1;365	2;700	2;813	2;937
Sport and recreation		7	(6)	(301)	400	200	200	500	521	544
Public safety		-	-	-	-	-	-	-	-	-
Housing		284	508	-	400	240	240	300	313	326
Health		30	20	83	100	100	100	200	209	218
<i>Economic and environmental services</i>		6;771	3;408	8;613	9;198	11;582	11;582	10;894	11;352	11;851
Planning and development		1;571	1;365	776	5;050	2;519	2;519	2;546	2;653	2;769
Road transport		5;200	2;043	7;837	4;148	9;063	9;063	8;349	8;699	9;082
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		9;404	89;554	58;052	48;019	50;528	50;528	57;148	59;548	62;168
Energy sources		30;280	40;370	36;763	26;318	28;029	28;029	44;005	45;853	47;871
Water management		5;953	3;380	10;133	13;708	7;475	7;475	3;489	3;636	3;796
Waste water management		(26;831)	45;798	11;152	7;851	14;849	14;849	9;333	9;725	10;153
Waste management		2	7	4	141	175	175	320	333	348
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	158;149	320;787	226;075	202;757	218;049	218;049	223;222	232;599	242;833
Surplus/(Deficit) for the year		10;503	(132;780)	(32;038)	3;830	1;794	1;794	(3;432)	(4;594)	(12;868)

FS161 Letsemeng - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
		R thousand								
Revenue by Vote	1	16,734	10,705	17,975	12,049	12,556	12,556	19,331	20,143	21,029
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		-	-	27	-	-	-	-	-	-
Vote 3 - Finance & Administration		-	-	-	-	-	-	-	-	-
Vote 4 - Planning & Development		14,740	10,135	10,369	44,188	44,620	44,620	40,693	36,556	37,820
Vote 5 - Public Safety		46,998	36,580	33,983	12,960	14,219	14,219	22,003	22,927	23,935
Vote 6 - Sports & Recreation		-	-	-	11,695	11,802	11,802	2,250	2,345	2,448
Vote 7 - Road Transport		1,639	3,014	7,743	35,865	35,663	35,663	8,279	10,498	10,608
Vote 8 - Waste Management		-	1,000	1,000	-	-	-	1,124	-	-
Vote 9 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 10 - Community & Social Services		(1)	-	-	-	-	-	-	-	-
Vote 11 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		729	685	581	-	-	-	-	-	-
Vote 13 - Environmental Protection		8,995	10,852	10,175	-	-	-	11,047	11,511	12,017
Vote 14 - 0		78,818	115,035	112,185	89,829	100,985	100,985	115,064	124,027	122,108
Vote 15 - 0		168,652	188,007	194,037	206,587	219,844	219,844	219,790	228,005	229,965
Total Revenue by Vote	2	168,652	188,007	194,037	206,587	219,844	219,844	219,790	228,005	229,965
Expenditure by Vote to be appropriated	1	43,005	7,801	13,137	93,152	94,107	94,107	68,942	71,838	74,999
Vote 1 - Executive & Council		16,256	20,488	21,819	10,857	13,699	13,699	16,202	16,882	17,625
Vote 2 - Finance & Administration		212	5,665	3,781	450	1,265	1,265	2,200	2,292	2,393
Vote 3 - Finance & Administration		1,184	(4,416)	1,678	1,558	2,103	2,103	2,109	2,198	2,295
Vote 4 - Planning & Development		5,953	3,380	10,133	13,708	7,475	7,475	3,489	3,636	3,796
Vote 5 - Public Safety		(26,831)	45,798	11,152	7,851	14,849	14,849	9,333	9,725	10,153
Vote 6 - Sports & Recreation		2	7	4	141	175	175	320	333	348
Vote 7 - Road Transport		30,280	40,370	36,763	26,318	28,029	28,029	44,005	45,853	47,871
Vote 8 - Waste Management		1,571	1,365	776	5,050	2,519	2,519	2,546	2,653	2,769
Vote 9 - Community & Social Services		7	(6)	(301)	400	200	200	500	521	544
Vote 10 - Community & Social Services		5,200	2,043	7,837	4,148	9,063	9,063	8,349	8,699	9,082
Vote 11 - Community & Social Services		30	20	83	100	100	100	200	209	218
Vote 12 - Energy Sources		284	508	-	400	240	240	300	313	326
Vote 13 - Environmental Protection		277	64	304	500	100	100	500	521	544
Vote 14 - 0		80,719	197,701	118,908	44,124	44,126	44,126	59,227	61,715	64,430
Vote 15 - 0		158,149	320,787	226,075	208,757	218,049	218,049	218,222	227,389	237,394
Total Expenditure by Vote	2	158,149	320,787	226,075	208,757	218,049	218,049	218,222	227,389	237,394
Surplus/(Deficit) for the year	2	10,503	(132,780)	(32,038)	(2,170)	1,794	1,794	1,568	616	(7,429)

FS161 Letsemeng - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source												
Property rates	2		15,494	19,212	27,786	23,504	23,974	23,974		24,421	25,446	26,566
Service charges - electricity revenue	2		13,748	17,567	17,788	21,955	23,990	23,990		26,551	27,666	28,884
Service charges - water revenue	2		10,844	4,182	10,875	8,576	8,576	8,576		12,911	13,453	14,045
Service charges - sanitation revenue	2		7,887	11,212	9,121	10,348	9,416	9,416		10,751	11,203	11,696
Service charges - refuse revenue	2		8,189	11,077	9,230	10,632	9,675	9,675		11,047	11,511	12,017
Rental of facilities and equipment			253	244	256	297	297	297		308	321	335
Interest earned - external investments			228	151	101	407	407	407		423	441	461
Interest earned - outstanding debtors			21,648	25,497	18,087	4,253	8,506	8,506		9,000	9,378	9,791
Dividends received			288	443	340	10	8	8		11	11	12
Fines, penalties and forfeits			1	8	28	33	33	33		35	36	38
Licences and permits			-	-	-	5	2	2		5	5	6
Agency services			-	-	-	-	-	-		-	-	-
Transfers and subsidies			52,390	83,996	81,566	71,888	84,473	84,473		74,281	79,986	76,294
Other revenue	2		378	244	490	569	676	676		591	616	643
Gains			9,379	7	(1)	-	-	-		-	-	-
Total Revenue (excluding capital transfers and contributions)			140,726	173,839	175,667	152,478	170,035	170,035		170,335	180,075	180,787
Expenditure By Type												
Employee related costs	2		44,451	53,698	54,390	58,918	61,072	61,072		70,205	73,153	76,372
Remuneration of councillors			3,746	3,991	4,200	4,313	4,572	4,572		4,828	5,031	5,252
Debt impairment	3		12,260	112,680	38,650	50,000	48,500	48,500		25,000	26,050	27,196
Depreciation & asset impairment	2		44,101	46,072	53,537	47,140	47,140	47,140		48,978	51,035	53,281
Finance charges			2,335	1,816	2,513	600	2,000	2,000		4,000	4,168	4,351
Bulk purchases - electricity	2		26,641	37,367	32,025	22,000	22,000	22,000		36,000	37,512	39,163
Inventory consumed	8		(9)	(13)	(16)	5,940	11,255	11,255		7,686	8,009	8,361
Contracted services			4,946	43,144	13,731	8,924	11,475	11,475		14,948	15,576	16,262
Transfers and subsidies			-	-	-	-	-	-		880	917	957
Other expenditure	4, 5		13,943	15,459	14,377	4,922	10,036	10,036		10,697	11,147	11,638
Losses			2,694	9,248	1,263	-	-	-		-	-	-
Total Expenditure			155,107	323,463	214,671	202,757	218,049	218,049		223,222	232,599	242,833
Surplus/(Deficit)			(14,381)	(149,624)	(39,004)	(50,279)	(48,015)	(48,015)		(52,887)	(52,524)	(62,046)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			27,105	12,771	21,356	54,109	50,809	50,809		49,308	47,777	49,018
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6		-	-	-	-	-	-		-	-	-
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-		147	153	160
Surplus/(Deficit) after capital transfers & contributions			12,724	(136,853)	(17,648)	3,830	2,794	2,794		(3,432)	(4,594)	(12,868)
Taxation			-	-	-	-	-	-		-	-	-
Surplus/(Deficit) after taxation			12,724	(136,853)	(17,648)	3,830	2,794	2,794		(3,432)	(4,594)	(12,868)
Attributable to minorities			-	-	-	-	-	-		-	-	-
Surplus/(Deficit) attributable to municipality			12,724	(136,853)	(17,648)	3,830	2,794	2,794		(3,432)	(4,594)	(12,868)
Share of surplus/ (deficit) of associate	7		-	-	-	-	-	-		-	-	-
Surplus/(Deficit) for the year			12,724	(136,853)	(17,648)	3,830	2,794	2,794		(3,432)	(4,594)	(12,868)

Vote Description		Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital multi-year expenditure sub-total	7		-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2											
Vote 1 - Executive & Council			684	(4;943)	(4;410)	1;546	515	515		470	490	511
Vote 2 - Finance & Administration			-	82	(7;099)	70	-	-	-	-	-	-
Vote 3 - Finance & Administration			15	8;800	12;261	-	-	-	-	-	-	-
Vote 4 - Planning & Development			-	-	7	15	-	-	-	-	-	-
Vote 5 - Public Safety			16;054	27;505	46;070	38;520	37;376	37;376		27;632	22;946	23;611
Vote 6 - Sports & Recreation			9;608	3;300	7;850	1;334	234	234		6;851	-	-
Vote 7 - Road Transport			430	1;511	1;511	390	390	390		9;343	2;004	-
Vote 8 - Waste Management			235	661	6;072	13;899	9;547	9;547		5;882	8;000	8;000
Vote 9 - Community & Social Services			728	6;442	1;770	126	-	-		-	-	-
Vote 10 - Community & Social Services			-	-	-	2;414	2;414	2;414		805	850	880
Vote 11 - Community & Social Services			1;555	6;156	107	100	1;226	1;226		200	15;422	13;161
Vote 12 - Energy Sources			-	-	-	-	-	-		-	-	-
Vote 13 - Environmental Protection			-	-	-	-	-	-		-	-	-
Vote 14 - 0			-	-	-	-	-	-		-	-	-
Vote 15 - 0			1;342;627	1;338;944	1;333;915	765	350	350		100	104	109
Capital single-year expenditure sub-total			1;371;937	1;388;458	1;398;054	59;179	52;053	52;053	-	51;283	49;817	46;273
Total Capital Expenditure - Vote			1;371;937	1;388;458	1;398;054	59;179	52;053	52;053	-	51;283	49;817	46;273
Capital Expenditure - Functional												
Governance and administration			1;343;312	1;334;083	1;322;413	2;396	865	865	-	570	594	620
Executive and council			-	82	(7;099)	70	-	-	-	-	-	-
Finance and administration			1;343;312	1;334;000	1;329;505	2;311	865	865	-	570	594	620
Internal audit			-	-	7	15	-	-	-	-	-	-
Community and public safety			15	8;800	12;261	2;414	2;414	2;414	-	805	850	880
Community and social services			15	8;800	12;261	-	-	-	-	-	-	-
Sport and recreation			-	-	-	2;414	2;414	2;414	-	805	850	880
Public safety			-	-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-	-
Economic and environmental services			2;283	12;598	1;877	226	1;226	1;226	-	200	15;422	13;161
Planning and development			728	6;442	1;770	126	-	-	-	-	-	-
Road transport			1;555	6;156	107	100	1;226	1;226	-	200	15;422	13;161
Environmental protection			-	-	-	-	-	-	-	-	-	-
Trading services			26;328	32;977	61;503	54;143	47;547	47;547	-	49;708	32;950	31;611
Energy sources			235	661	6;072	13;899	9;547	9;547	-	5;882	8;000	8;000
Water management			16;054	27;505	46;070	38;520	37;376	37;376	-	27;632	22;946	23;611
Waste water management			9;608	3;300	7;850	1;334	234	234	-	6;851	-	-
Waste management			430	1;511	1;511	390	390	390	-	9;343	2;004	-
Other			-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3		1;371;937	1;388;458	1;398;054	59;179	52;053	52;053	-	51;283	49;817	46;273
Funded by:												
National Government			28;327	54;077	83;360	53;381	50;081	50;081	-	48;413	46;826	43;151
Provincial Government			-	-	-	-	-	-	-	-	-	-
District Municipality			-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial)			-	-	-	-	-	-	-	-	-	-
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)			-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4		28;327	54;077	83;360	53;381	50;081	50;081	-	48;413	46;826	43;151
Borrowing	6		-	-	-	-	-	-	-	-	-	-
Internally generated funds			1;343;610	1;334;381	1;314;694	5;798	1;971	1;971	-	2;870	2;991	3;122
Total Capital Funding	7		1;371;937	1;388;458	1;398;054	59;179	52;053	52;053	-	51;283	49;817	46;273

FS161 Letsemeng - Table A6 Budgeted financial Position

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
ASSETS											
Current assets											
Cash	1	5,756	3,334	3,127	160,489	232,637	232,637	4,651	13,332	23,213	
Call investment deposits		0	2,505	193	–	–	–	–	–	–	
Consumer debtors	1	80,698	25,681	70,377	(85,058)	(23,058)	(23,058)	83,120	83,360	87,028	
Other debtors		37,074	30,496	51,522	–	3,000	3,000	3,117	3,126	3,264	
Current portion of long-term receivables		231	285	360	–	–	–	–	–	–	
Inventory	2	2,290	3,900	3,152	3,241	3,241	3,241	5,439	5,649	5,878	
Total current assets		126,050	66,200	128,731	78,672	215,820	215,820	–	96,327	105,467	119,382
Non current assets											
Long-term receivables	3	–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	
Investment property		121	121	121	–	–	–	81,300	81,535	85,122	
Investment in Associate		–	–	–	–	–	–	–	–	–	
Property, plant and equipment		738,270	727,275	702,954	58,573	51,933	51,933	51,103	49,629	46,077	
Biological		–	–	–	–	–	–	–	–	–	
Intangible		(226)	(427)	(628)	606	120	120	180	188	196	
Other non-current assets		1,022	1,022	1,022	–	15	15	16	17	17	
Total non current assets			739,187	727,990	703,468	59,179	52,068	52,068	–	132,599	131,368
TOTAL ASSETS		865,237	794,191	832,199	137,852	267,887	267,887	–	228,926	236,835	250,795
LIABILITIES											
Current liabilities											
Bank overdraft	1	1,135	1,135	1,182	–	–	–	–	–	–	–
Borrowing		(591)	(488)	(445)	–	–	–	–	–	–	–
Consumer deposits		782	733	739	–	–	–	90	94	98	
Trade and other payables	4	96,395	149,091	200,239	(66,918)	(75,578)	(75,578)	154,500	155,000	160,000	
Provisions		5,941	5,941	6,037	–	–	–	–	–	–	–
Total current liabilities		103,661	156,413	207,752	(66,918)	(75,578)	(75,578)	–	154,590	155,094	160,098
Non current liabilities											
Borrowing		1,083	338	338	–	–	–	–	–	–	–
Provisions		8,069	6,239	3,867	–	–	–	–	–	–	–
Total non current liabilities		9,151	6,578	4,205	–	–	–	–	–	–	–
TOTAL LIABILITIES		112,813	162,991	211,957	(66,918)	(75,578)	(75,578)	–	154,590	155,094	160,098
NET ASSETS	5	752,424	631,200	620,242	204,770	343,465	343,465	–	74,336	81,741	90,697
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	987,963	849,304	870,059	204,770	343,465	343,465	36,998	11,679	4,314	
Reserves		(15,359)	(15,359)	(15,414)	–	–	–	–	–	–	
TOTAL COMMUNITY WEALTH/EQUITY	5	972,604	833,945	854,645	204,770	343,465	343,465	–	74,336	81,741	90,697

FS161 Letsemeng - Table A7 Budgeted Cash Flows

Description		Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			-	-	-	17,628	19,179	19,179	-	20,791	21,664	22,617
Service charges			-	-	-	34,355	44,460	44,460	-	41,496	43,303	45,231
Other revenue			-	-	-	904	1,416	1,416	-	1,373	1,431	1,494
Transfers and Subsidies - Operational	1	0		2,505	193	47,888	56,973	56,973	-	69,781	76,986	76,294
Transfers and Subsidies - Capital	1		-	-	-	54,109	50,809	50,809	-	49,308	47,777	49,018
Interest			-	-	-	-	-	-	-	6,842	7,129	7,443
Dividends			-	-	-	10	8	8	-	11	11	12
Payments												
Suppliers and employees			44,125	44,125	46,274	(111,017)	(118,910)	(118,910)	(46,274)	(130,168)	(135,636)	(141,604)
Finance charges			-	-	-	-	-	-	-	(4,000)	(4,168)	(4,351)
Transfers and Grants	1		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			44,125	46,630	46,467	43,877	53,935	53,935	(46,274)	55,434	58,498	56,154
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets			-	-	-	-	-	-	-	(51,283)	(49,817)	(46,273)
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	-	-	-	-	-	-	(51,283)	(49,817)	(46,273)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing			-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			44,125	46,630	46,467	43,877	53,935	53,935	(46,274)	4,151	8,681	9,881
Cash/cash equivalents at the year begin:	2		-	-	-	-	-	-	-	500	4,651	13,332
Cash/cash equivalents at the year end:	2		44,125	46,630	46,467	43,877	53,935	53,935	(46,274)	4,651	13,332	23,213

FS161 Letsemeng - Table A8 Cash backed reserves/accumulated surplus reconciliation

C101 Leasing - Table A5 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Cash and investments available											
Cash/cash equivalents at the year end	1	44,125	46,630	46,467	43,877	53,935	53,935	(46,274)	4,651	13,332	23,213
Other current investments > 90 days		(39,503)	(41,926)	(44,328)	116,613	178,702	178,702	46,274	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		4,621	4,704	2,139	160,489	232,637	232,637	-	4,651	13,332	23,213
Application of cash and investments											
Unspent conditional transfers		40,931	55,011	13,766	-	-	-	(67,166)	(4,500)	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	42,722	79,114	130,771	(10,808)	(60,253)	(60,253)	(161,704)	66,880	71,640	72,972
Other provisions		14,010	12,181	9,904	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		97,664	146,306	154,441	(10,808)	(60,253)	(60,253)	(228,870)	62,380	71,640	72,972
Surplus(shortfall)		(93,042)	(141,602)	(152,302)	171,298	292,890	292,890	228,870	(57,729)	(58,308)	(49,759)

FS161 Letsemeng - Table A9 Asset Management

Description		Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
CAPITAL EXPENDITURE											
<u>Total New Assets</u>	1		98,699	52,448	50,756	25,643	17,285	17,285	12,285	8,802	8,838
Roads Infrastructure			12,066	12,066	12,066	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			(27)	399	399	12,847	9,547	9,547	5,882	8,000	8,000
Water Supply Infrastructure			77	77	77	-	-	-	-	-	-
Sanitation Infrastructure			6,019	7,993	12,490	200	200	200	-	-	-
Solid Waste Infrastructure			430	430	430	390	390	390	5,633	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			18,566	20,965	25,462	13,437	10,137	10,137	11,515	8,000	8,000
Community Facilities			-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities			-	-	-	333	333	333	-	-	-
Community Assets			-	-	-	333	333	333	-	-	-
Licences and Rights			-	-	-	606	120	120	180	188	196
Intangible Assets			-	-	-	606	120	120	180	188	196
Computer Equipment			68	(5,580)	(5,046)	579	475	475	390	406	424
Furniture and Office Equipment			207	(7,915)	(13,759)	337	70	70	-	-	-
Machinery and Equipment			789	789	(61)	9,952	6,150	6,150	200	208	218
Transport Assets			-	82	82	400	-	-	-	-	-
Land			79,070	44,107	44,078	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2		1,186,888	1,135,312	1,122,690	-	-	-	-	-	-
Roads Infrastructure			1,157,900	1,103,332	1,094,150	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			3,128	3,128	3,128	-	-	-	-	-	-
Water Supply Infrastructure			283	283	283	-	-	-	-	-	-
Sanitation Infrastructure			10,972	10,972	10,972	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			1,172,283	1,117,716	1,108,533	-	-	-	-	-	-
Community Facilities			2,420	2,420	2,647	-	-	-	-	-	-
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-
Community Assets			2,420	2,420	2,647	-	-	-	-	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			9,892	10,006	10,006	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			9,892	10,006	10,006	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			1,007	1,007	1,007	-	-	-	-	-	-
Intangible Assets			1,007	1,007	1,007	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-	-	-
Machinery and Equipment			1,285	4,164	498	-	-	-	-	-	-
Transport Assets			-	-	-	-	-	-	-	-	-
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
		R thousand								
Total Upgrading of Existing Assets	6	86;350	200;697	229;312	33;536	34;768	34;768	38;999	41;014	37;435
Roads Infrastructure		2;283	12;598	9;862	-	1;226	1;226	-	15;214	12;944
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		262	262	5;673	-	-	-	-	-	-
Water Supply Infrastructure		19;360	32;079	48;234	30;354	30;354	30;354	25;532	20;758	21;327
Sanitation Infrastructure		-	(9;551)	(9;551)	1;100	1;106	1;106	8;951	2;188	2;284
Solid Waste Infrastructure		-	1;081	1;081	-	-	-	3;710	2;004	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		21;905	36;469	55;300	31;455	32;686	32;686	38;193	40;164	36;555
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	8;785	12;246	2;082	2;082	2;082	805	850	880
Community Assets		-	8;785	12;246	2;082	2;082	2;082	805	850	880
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		64;445	155;443	161;766	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		64;445	155;443	161;766	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	1;371;937	1;388;458	1;402;758	59;179	52;053	52;053	51;283	49;817	46;273
Roads Infrastructure		1;172;249	1;127;996	1;116;078	-	1;226	1;226	-	15;214	12;944
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		3;363	3;789	9;199	12;847	9;547	9;547	5;882	8;000	8;000
Water Supply Infrastructure		19;720	32;439	48;594	30;354	30;354	30;354	25;532	20;758	21;327
Sanitation Infrastructure		16;992	9;415	13;912	1;301	1;306	1;306	8;951	2;188	2;284
Solid Waste Infrastructure		430	1;511	1;511	390	390	390	9;343	2;004	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		1;212;754	1;175;150	1;189;295	44;892	42;824	42;824	49;708	48;164	44;555
Community Facilities		2;420	2;420	2;647	-	-	-	-	-	-
Sport and Recreation Facilities		-	8;785	12;246	2;414	2;414	2;414	805	850	880
Community Assets		2;420	11;205	14;893	2;414	2;414	2;414	805	850	880
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		74;338	165;448	171;772	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		74;338	165;448	171;772	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		1;007	1;007	1;007	606	120	120	180	188	196
Intangible Assets		1;007	1;007	1;007	606	120	120	180	188	196
Computer Equipment		68	(5;580)	(5;046)	579	475	475	390	406	424
Furniture and Office Equipment		207	(7;915)	(13;759)	337	70	70	-	-	-
Machinery and Equipment		2;074	4;953	436	9;952	6;150	6;150	200	208	218
Transport Assets		-	82	82	400	-	-	-	-	-
Land		79;070	44;107	44;078	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		1;371;937	1;388;458	1;402;758	59;179	52;053	52;053	51;283	49;817	46;273

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
		R thousand									
ASSET REGISTER SUMMARY - PPE (WDV)		5	739,187	727,990	703,468	59,179	52,068	52,068	132,599	131,368	131,413
Roads Infrastructure			1,108,603	1,076,475	1,076,435	—	1,226	1,226	—	15,214	12,944
Storm water Infrastructure			—	—	—	—	—	—	—	—	—
Electrical Infrastructure			3,363	3,789	9,199	12,847	9,547	9,547	5,882	8,000	8,000
Water Supply Infrastructure			(486,443)	(464,038)	(487,920)	30,354	30,354	30,354	25,532	20,758	21,327
Sanitation Infrastructure			6,019	(1,557)	2,939	1,301	1,306	1,306	8,951	2,188	2,284
Solid Waste Infrastructure			430	1,511	1,511	390	390	390	9,343	2,004	—
Rail Infrastructure			—	—	—	—	—	—	—	—	—
Coastal Infrastructure			—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure			20	112	969	400	250	250	210	219	228
Infrastructure			631,992	616,291	603,132	45,292	43,074	43,074	49,918	48,383	44,784
Community Assets			2,403	10,448	13,737	2,414	2,414	2,414	805	850	880
Heritage Assets			1,022	1,022	1,022	—	15	15	16	17	17
Investment properties			121	121	121	—	—	—	81,300	81,535	85,122
Other Assets			22,419	64,963	61,224	—	—	—	—	—	—
Biological or Cultivated Assets			—	—	—	—	—	—	—	—	—
Intangible Assets			(226)	(427)	(628)	606	120	120	180	188	196
Computer Equipment			—	—	—	—	—	—	80	83	87
Furniture and Office Equipment			236	(13,646)	(19,813)	516	295	295	100	104	109
Machinery and Equipment			2,151	5,030	513	9,952	6,150	6,150	200	208	218
Transport Assets			—	82	82	400	—	—	—	—	—
Land			79,070	44,107	44,078	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	739,187	727,990	703,468	59,179	52,068	52,068	132,599	131,368	131,413
EXPENDITURE OTHER ITEMS			45,555	44,465	40,638	48,140	47,740	47,740	50,278	52,390	54,695
Depreciation		7	44,090	43,762	40,305	47,140	47,140	47,140	48,978	51,035	53,281
Repairs and Maintenance by Asset Class		3	1,464	703	333	1,000	600	600	1,300	1,355	1,414
Roads Infrastructure			122	—	—	—	—	—	—	—	—
Storm water Infrastructure			—	—	—	—	—	—	—	—	—
Electrical Infrastructure			—	—	—	—	—	—	—	—	—
Water Supply Infrastructure			—	—	—	—	—	—	—	—	—
Sanitation Infrastructure			—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure			—	—	—	—	—	—	—	—	—
Rail Infrastructure			—	—	—	—	—	—	—	—	—
Coastal Infrastructure			—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure			—	—	—	—	—	—	—	—	—
Infrastructure			122	—	—	—	—	—	—	—	—
Community Facilities			277	343	333	500	100	100	1,000	1,042	1,088
Sport and Recreation Facilities			—	—	—	—	—	—	—	—	—
Community Assets			277	343	333	500	100	100	1,000	1,042	1,088
Heritage Assets			—	—	—	—	—	—	—	—	—
Revenue Generating			—	—	—	—	—	—	—	—	—
Non-revenue Generating			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Operational Buildings			1,055	359	—	500	500	500	—	—	—
Housing			—	—	—	—	—	—	—	—	—
Other Assets			1,055	359	—	500	500	500	—	—	—
Biological or Cultivated Assets			—	—	—	—	—	—	—	—	—
Servitudes			—	—	—	—	—	—	—	—	—
Licences and Rights			—	—	—	—	—	—	—	—	—
Intangible Assets			—	—	—	—	—	—	—	—	—
Computer Equipment			—	—	—	—	—	—	—	—	—
Furniture and Office Equipment			—	—	—	—	—	—	—	—	—
Machinery and Equipment			—	—	—	—	—	—	300	313	326
Transport Assets			10	—	—	—	—	—	—	—	—
Land			—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
TOTAL EXPENDITURE OTHER ITEMS			45,555	44,465	40,638	48,140	47,740	47,740	50,278	52,390	54,695
Renewal and upgrading of Existing Assets as % of total capex			92.8%	96.2%	96.4%	56.7%	66.8%	66.8%	76.0%	82.3%	80.9%
Renewal and upgrading of Existing Assets as % of deprecn			2887.8%	3052.9%	3354.4%	71.1%	73.8%	73.8%	79.6%	80.4%	70.3%
R&M as a % of PPE			0.2%	0.1%	0.0%	1.7%	1.2%	1.2%	2.5%	2.7%	3.1%
Renewal and upgrading and R&M as a % of PPE			172.0%	184.0%	192.0%	58.0%	68.0%	68.0%	30.0%	32.0%	30.0%

FS161 Letsemeng - Table A10 Basic service delivery measurement

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Household service targets	1									
Water:										
Piped water inside dwelling		11;208	11;208	11;208	11;208	11;208	11;208	11;208	11;208	11;208
Piped water inside yard (but not in dwelling)		9;208	9;208	9;208	9;208	9;208	9;208	9;208	9;208	9;208
Using public tap (at least min.service level)	2	682	682	682	682	682	682	682	682	682
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		21;098	21;098	21;098	21;098	21;098	21;098	21;098	21;098	21;098
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	21;098	21;098	21;098	21;098	21;098	21;098	21;098	21;098	21;098
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		16;376	16;376	16;376	16;376	16;376	16;376	16;376	16;376	16;376
Flush toilet (with septic tank)		608	608	608	608	608	608	608	608	608
Chemical toilet		102	102	102	102	102	102	102	102	102
Pit toilet (ventilated)		2;370	2;370	2;370	2;370	2;370	2;370	2;370	2;370	2;370
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		19;456	19;456	19;456	19;456	19;456	19;456	19;456	19;456	19;456
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	19;456	19;456	19;456	19;456	19;456	19;456	19;456	19;456	19;456
Energy:										
Electricity (at least min.service level)		11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000
Refuse:										
Removed at least once a week		11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000
<i>Minimum Service Level and Above sub-total</i>		11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000	11;000
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		3;920	3;726	3;789	3;920	3;726	3;789	3;920	3;726	3;789
Sanitation (free sanitation service to indigent households)		7;090	-	-	7;090	-	-	7;090	8;000	9;000
Electricity/other energy (50kwh per indigent household per month)		2;663	2;663	2;663	2;663	2;663	2;663	2;663	2;663	2;663
Refuse (removed once a week for indigent households)		6;763	-	-	6;763	-	-	6;763	7;000	8;000
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		20;436	6;389	6;452	20;436	6;389	6;452	20;436	21;389	23;452
Highest level of free service provided per household										
Property rates (R value threshold)		70;000	70;000	70;000	70;000	70;000	70;000	70;000	70;000	70;000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		123	123	123	123	123	123	123	123	123
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-

1. Explanatory notes to budget

Table A1 is a summary of the budget of Letsemeng Local Municipality that gives an overview of the budget, it includes, the following key aspects

Financial Performance: This is a summary of income statement of the Municipality

Capital Expenditure and funding sources: This gives a brief overview of the capital expenditure and its funding sources

Financial Position: This is the balance sheet of Letsemeng Local Municipality

Cash Flow: This gives a brief overview of the Cash flow of the Municipality

Asset Management: This is the overview of the total assets of the Municipality

Free Services: This section gives the total amount of free basic services as provided by the municipality.

This is the most important as it gives users of the budget a “snapshot” of what is going to follow in the next ten (10) main tables

Explanatory Notes to Table A2

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per functional classification.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4 as Table A4 exclude capital transfers.

Explanatory Note to Table A3

1. Table A3 is an overview of the budgeted financial performance in relation to the revenue and expenditure per municipal vote.
2. From the above it can be seen that all trading services are making surpluses, and this is attributable to the following
 - a. Council proposes an increase of 14.9% on electricity tariffs
 - b. An increase of 3.9% on refuse, sewerage and water tariffs
 - c. 3.9% Increase for Property rates
 - d. Cut on non-priority spending
3. Profits made on this services are used to subsidise non-trading services

Explanatory note on table A4

1. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the budgeted revenue of Letsemeng Local Municipality
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Major component of expenditure relates to employee costs

Explanatory note on Table A5

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

Explanatory Notes to Table A6

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors 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.

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.

Explanation to Table A7

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.

Explanatory note to table A8

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. Considering the requirements of section 18 of the MFMA, it can be concluded that the final budget for 2021/22 MTREF is funded because Municipality anticipates making a profit over the MTREF.

Explanatory Note for Table A9

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.

Explanatory notes to Table A10

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

PART 2

2.1. 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.

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 2020 a time schedule that sets out the process to revise the IDP and prepare the annual budget.

The Mayor tabled the required IDP process plan and budget time schedule in line with the applicable legislation. However, adherence to these plans was not achieved as the processes were not undertaken exactly at the dates that were indicated in the plans due to covid-19 lockdown regulations.

The community and other stakeholders were consulted during the finalization of Integrated Development Plan which informed the final annual budget. Consultations took place immediately after the draft annual budget and revised Integrated Development Plan were tabled to Council, consultation was done virtually and not face to face as is the norm.

2.2. Alignment of the Annual Budget with the Integrated Development Plan

The annual review of the Integrated Development Plan is a legislative requirement in terms of section 34 of the Municipal Systems Act. It stipulates that a Municipal Council must review its integrated plan annually in accordance with an assessment of its performance measurements in terms of section 41; and to the extent that changing circumstances so demand; and may amend its integrated development plan in accordance with a prescribed process.

The Annual Budget and the IDP are linked to one another, something that has been formalised through the promulgation of the Municipal Finance Management Act in 2004.

In compliance with the Municipal Structures Act and Municipal Finance Management Act the municipality's budget must be informed by and aligned to the IDP objectives. The budgetary allocations for both capital and operating expenditure need to be undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also leads to the municipality's vision being realized. This ensures that the IDP directs the development and implementation of projects.

Over the years, Auditor General has been raising exceptions that the Integrated Development Plan and Annual Budget are not aligned to each other. Furthermore, the Key Performance Indicators were not measurable and with no target dates. The performance management system is now effective at the municipality as there is a dedicated unit or official entrusted with performance management.

For the 2021/22 financial year, quite substantial effort has been devoted towards ensuring that the Integrated Development Plan and Annual Budget are aligned as required by the MFMA. The process of reconciling financial plan to its Integrated Development Plan created a whole new method of budgeting at the municipality. Council will in the future ensure that priorities within the budget are focused towards its strategies and objectives

2.3. Measurable performance objectives

Performance Management is a system intended to manage and monitor service delivery progress against the predetermined strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed a performance management system (in the process of implementation) of which system is constantly refined as the integrated planning process unfolds. The measurable performance objectives will be included in the service delivery and budget implementation plan when it is submitted to the Council for approval.

2.4. Overview of the Budget-Related Policies

The Municipal Budget and Reporting Regulations promulgated under the Municipal Finance Management Act 56 of 2003, prescribe the budget-related policies that must be approved together with the budget related policies below:

2.4.1 Credit Control and Debt Collection Policy

The number of indigent registered for the financial year 2020-21 is very low. We are encouraging consumers that qualifies for indigent to come forward to register for indigent at the different municipal offices.

Council is encouraging community to annually update their indigent status.

2.4.2 Tariff Policy

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. NERSA has not yet approved the electricity tariffs for 21/22 financial year but an increase of 14.9% was made based on guideline increase as per NERSA documents and MFMA circular 108. NERSA is currently in the process of Public hearing on the Municipal Guideline and Benchmarks consultation paper. Please refer to the Annexure of Tariff List

2.4.3 Indigent Support Policy

The recommendation is that the threshold be increased to a current value of R1 890 * 2 i.e. R3 780 pensioners combined or the rand value.

2.5. Overview of the budget assumptions

Budgets are prepared in an environment of uncertainty and assumptions need to be made about internal and external factors that could impact on the budget during the course of the

financial year. In compiling the 2021-22 Annual Budget, the following key issues and assumptions were taken into consideration and modelled into the budget planning process:

- (a) Economic climate and poverty levels within the municipality will remain the same / constant for major part of the financial year given the limited economic activities with the vicinity;
- (b) Cash flow projections will be strictly maintained to ensure the municipality's ability to meet its financial obligations;
- (c) Operational costs will be maintained at current levels or reduced as cost containment measures and where there is material decrease in revenue collection rate, expenditure will have to be reduced at the same proportion;
- (d) Filling of vacant posts was prioritised taking into account the cash flow projections of the municipality.

2.6 Expenditure on allocations and grant programmes

It is the intention of the municipality to spend all of its grant allocations within the current year according to the conditions of such allocations / grants. Performance review will be done during the mid-year budget assessment and where under spending is foreseeable; the necessary procedure will be followed to ensure that spending is done 100%.

DORA GRANTS ALLOCATIONS FOR LETSEMENG MUNICIPALITY FOR 21/22 MTREF

DORA GRANT	ALLOCATED AMOUNT
Equitable Share	R 70 307 000
Water Services Infrastructure Grant	R 25 532 000
Municipal Infrastructure Grant	R 17 894 000
Expanded Public Works Programme	R 1 124 000
Integrated National Electrification Grant	R 5 882 000
Financial Management Grant	R 2 850 000

All the grants allocated are conditional i.e. have to meet an obligation except Equitable Share grant which is unconditional. On the Equitable Share there is unspent amount of R4.5 million from financial year 2020-21 that is going to be deducted which gives a balance of R 69 781 000.

2.7. Councillor and board members allowances and employee benefits

The Municipal System Act, section 66(1) requires the Municipal Manager to approve a staff establishment for the municipality within a policy framework determined by the municipal council and subject to any applicable legislation. The act further requires the Municipal Manager to provide a job description for each post on the staff establishment and to attach to those posts the remuneration and other conditions of service as may be determined in accordance with any applicable labour legislation.

The Senior Managers, in consultation and with concurrence of the Municipal Manager have reviewed the structure of their respective departments.

(a) Employee costs will increase from **R 61 072 000** (2020-21 adjustment budget) to **R70 256 611**.

(b) The Council Remuneration of **R4 827 983** for 2021/22 is the estimated amount.

2.8. Monthly targets of revenue, expenditure and cash flow

The municipality has over the years been in a position to bill all its budgeted revenue.

This meant that the municipality had to prioritise its spending as the spending is informed by availability of cash. Therefore, the spending on operational expenditure has been marginally less than anticipated due to cash flow constraints.

2.9. Annual budgets and service delivery budget and implementation plan: internal departments

The departmental service delivery implementation plan are at a draft stage and will be completed after adoption of the annual budget in order to form the high level of the municipal service delivery and budget implementation plan to be approved by the mayor, 28 days after the annual budget has been approved.

2.10. Contracts having future budgetary implications

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

2.11. Capital expenditure details

The total capital expenditure budget of the municipality is **R 51 283 000**

Internally generated funds amounts to **R2 870 000**

Municipal Water System Infrastructure Grant is allocated at R 25 532 000 below are the planned projects for the coming financial year:

- Refurbishment of the Koffiefontein WTW and construction of new 4.7ml reservoir **R14 332 000**
- Jacobsdal 4.2ml WTW **R11 200 000**

Municipal Infrastructure Grant amounting to R 17 894 000 part of this amount will be funding the Project Management Unit related costs. Below are planned projects for the coming financial year:

- Project Management Unit **R 894 700**
- Koffiefontein: Upgrading of existing Waste Disposal Site (MIS:207907) **R 3 710 249**
- Koffiefontein/Sonwabile: Upgrading of sports facility (Phase 2) (MIS:249754) **R805 230**

- Luckhoff: Closure of existing solid waste site and construction of a new solid waste facility (MIS:285464) **R 5 632 665**
- Petrusburg: Refurbishment of waste water treatment works (MIS:325185) **R 6 851 155**

Integrated National Electrification Programme is allocated R5 882 000.

The following are the budgeted projects for Integrated National Electrification Programme:

- Electrification of Jacobsdal 148 Households Phase 2 **R 3 298 000**
- Electrification of Diamandhoogte 152 Households Phase 2 **R 2 584 000**

2.12. Legislation compliance

There has been substantial improvement in terms of compliance. Reporting to National Treasury in electronic format was fully complied with on a monthly basis where there have been challenges of compliance; such challenges were reported to Provincial Treasury.

2.12.1. In year reporting

It is the intention of the municipality (Councillors and Management) to move beyond compliance but rather focus on the quality of reports that are required in terms of various legislations.

2.12.2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme funded by Finance Management Grant and has employed five interns undergoing training in various divisions of the Budget and Treasury Office.

The municipality is expected to received **R2 850 000** of Financial Management Grant.

2.12.3 Budget and Treasury Office

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

2.12.4. Audit & Risk Committee

Municipality make use of the in-house Audit and Risk Committee which was established in the financial year 2017-18.

2.12.5 Service Delivery Budget and Implementation Plan

The detailed SDBIP document will be finalised after approval of the 2021-22 Annual Budget in June 2021.

2.13. Other supporting documents

The documents mentioned below are attached as annexures to the annual budget:

(a) Tariff list

Budget related policies will be placed on Municipal website and be emailed to Councillors due to their volume.

2.14. Municipal Manager's quality certificate

The Municipal Manager's quality certificate as required by the Municipal Budget and Reporting Regulations is attached in the next page.

LETSEMENG COUNCIL / LETSEMENG RAAD



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28 June 2021

To whom it may concern

Quality Certificate for 2021-22 Final Annual Budget

I, **Tshemedi Lucas Mkhwane**, the Municipal Manager of **Letsemeng Local Municipality** (FS161), hereby certify that the final annual budget for the 2021-22 financial years has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Final annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Name: Mr. T.L. Mkhwane

Municipality: Letsemeng Local Municipality – FS161

Date: 28 June 2021