

MASILONYANA LOCAL MUNICIPALITY



FINAL BUDGET AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2022/2023



Acronyms and abbreviations

CFO	Chief Financial Officer
CPI	Consumer Price Index
CoGTA	Cooperative Governance and Traditional Affairs
CRRF	Capital Replacement Reserve Fund
EEDSM	Energy Efficiency and Demand Side Management
DoJ	Department of Justice
DoRA	Division of Revenue Act
DWA	Department of Water
EXCO	Executive Committee
FBS	Free basic services
GVA	Gross Value Added
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MBBR	Local Government: Municipal Budget and Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MFMG	Municipal Finance Management Grant
MIG	Municipal Infrastructure Grant
MLM	Masilonyana Local Municipality
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MSIG	Municipal Systems Improvement Grant
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Energy Regulator of South Africa
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
RBIG	Regional Bulk Infrastructure Grant
SALGA	South African Local Government Association
SARS	South African Revenue Services
SAPS	South African Police Services
SDBIP	Service Delivery Budget Implementation Plan
SMMEs	Small Macro-Medium Enterprises
VAT	Value Added Tax



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PART 1 – ANNUAL BUDGET

1.1 Mayor's report

Budget allocation in terms of the operations and capital budget:

The municipality's total operating expenditure and capital budget is estimated to be R483 million. Operating expenditure has been projected at R431 million. The Municipality's capital expenditure amounts to R52.4 million that the 100% is funded from grants. This is supported with a revenue base of R 363 million from service charges, property rates and operational grants. The budget has a deficit R67 million, and non-cash items that constitutes a big chunk of the non-cash expenditure amounting to R140 million, this is based on the most recent financial statement submitted to AG. The municipality has a history of financial constraints due to low collection rate but is currently implementing the water and electricity prepaid smart meters to enhance the revenue.

All tariffs will increase by 4.8% as guided by National Treasury MFMA Circular 115, however electricity tariffs have been requested for an increase of 7.47% which is pending NERSA approval. Commonage tariffs are aligned to the Provincial Commonage Policy, and Rental of Land and Town Planning tariffs are aligned to the market value and governing legislations.

Key priorities for the municipality towards the 2022/23 as per the IDP, SDBIP and its linkage with the Province and National priorities.

MLM exists within the Free State province which is the non-urban municipality, with a low revenue generation. In this regard the Municipality has aligned its budget and operations towards National and the Provincial key performance areas.

Radical economic transformation

MLM will conduct workshops with existing and potential SMMEs and empower them to access the entrepreneurial opportunities offered by the municipality through its Supply Chain Management (SCM) processes. These include:

1. Inviting a larger pool of SMMEs to register on the municipal database of service providers together with the National Treasury CSD. Invitations will be made through, for example, placement of adverts at local township shops and halls over and above advertising in the local media; also through the sessions that are called by the LED office
2. Constant engagement are made for the purpose of information sharing through LED office and SCM unit
3. Training SMMEs on completion of the bid documents. As support, the municipality also assisted the local SMMEs to get matters of their tax clearances to be resolved. The municipality provided transport for our small business enterprises to get assistance. local South African Revenue Service (SARS) office will be invited at these workshops to empower them on SARS requirements; and



4. Settle the accounts of the SMMEs within the prescribed thirty (30) days period as they are small business, where in there challenges in this regard, prompt communication is made to make arrangements

1.2 Council Budget Resolution

The Council of Maseko Local Municipality will have a sitting on the 30 June 2022 where the Mayor will present the Draft 2022/23 Budget and Medium Term Revenue and Expenditure Framework (MTREF) in terms of section 16(2) of the Municipal Finance Management Act (56 of 2003) for Council approval, subsequently be tabled to council 90 days before start of budget year.

- 1.2.1 That cognisance be taken of the report of the Mayor regarding the 2022/2023 budget.
- 1.2.2 That Council of Maseko Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) tabling the Draft Budget
- 1.2.3 that the annual draft budget of the municipality for the financial year 2022/23 as set out in the tables below be noted
- 1.2.4 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12. The operating budget is summarised as follows;

DESCRIPTION	BUDGET 2022/2023 '000	BUDGET 2023/2024 '000	BUDGET 2024/2024 5'000
Operational Revenue	362 877	381 159	359 288
Operational Expenditure	430 669	356 341	351 481
Surplus/Deficit	(67 792)	24 818	7 804

That cognisance be taken that the operational budget is inclusive of the non-cash items which are Depreciation and assets impairment of R121 million and Debt impairment of R19 million, and the debt impairment amount is due to the anticipated revenue collection of 58% on average, with 50% on all service charges and 95% on electricity prepaid, broken down as follow:

- Property Rates – 50%
- Electricity Conventional - 50%
- Electricity prepaid – 95%
- Water – 50%
- Sewerage – 50%
- Refuse – 50%



- 1.2.5 Budgeted Financial Performance (revenue and expenditure by municipal vote);
- 1.2.6 Budgeted Financial Performance (revenue by source and expenditure by type);
- 1.2.7 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source. The capital budget is summarized as follows:

FUNDING SOURCE	CAPITAL BUDGET 2022/2023 '000	CAPITAL BUDGET 2023/2024 '000	CAPITAL BUDGET 2024/2025 '000
Municipal Infrastructure Grant	28 257	27 276	28 359
Water Services Infrastructure Grant	23 334	18 800	22 224
Integrated National Electrification Programme	950	3 000	3 135
TOTAL CAPEX	52 541	49 076	53 718

There is also an amount of R 60 million Gazetted on the DORA for Regional Bulk Infrastructure Grant transfers, and R460 thousand for Intergrated National Electrification Programme however these are Gazetted as in-kind capital grants and will not be reflected in the 2022/2023 Adopted Municipal MTREF.

The total MIG budget is inclusive of Project Management Unit budget, which is not capital but funded by the MIG.

1.2.8 That the Council of Masilonyana Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act 2000 (No.32 of 2000) approve and adopt with effect from 1 July 2022 the following tariffs and rates:

1.2.8.1 Consolidated Tariff book 2022/2023 (per department) - Annexure "1"

1.2.9 That the Council of Masilonyana Local Municipality takes note the following 2022/23 revised budget related policies and tariffs:

- 1.2.9.1 *Municipal Property rates policy*
- 1.2.9.2 *Budget policy*
- 1.2.9.3 *Tariff policy*
- 1.2.9.4 *Indigent policy*



MLM: FS181 APPROVED BUDGET AND MTREF

- 1.2.9.5 *Fixed Asset management policy*
- 1.2.9.6 *Cash management & investment policy*
- 1.2.9.7 *Credit control & Debt Collection policy*
- 1.2.9.8 *Supply Chain Management policy*
- 1.2.9.9 *Unauthorized, Irregular Fruitless and Wasteful policy*
- 1.2.9.10 *Bad debt write-off policy*
- 1.2.9.11 *Policy governing payments of creditors, councilors and officials*
- 1.2.9.12 *Subsistence and Travel policy*
- 1.2.9.13 *Disclosure Related parties' policies*
- 1.2.9.14 *Events after reporting date policy and procedure manual*
- 1.2.9.15 *Virements Policy*

1.2.10 That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of section 8 of the Municipal Budget and Reporting Regulations;

- 1.2.10.1 the municipality did not budget to raise long term loans to fund the capital budget, and does not have any existing loans ,
- 1.2.10.2 that the Accounting Officer adheres to all prescribed requirements in terms of legislation regarding the submission of the budget document to the various institutions.



1.3 Executive summary

The application of sound financial management principles for the compilation of the Masilonyana's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Masilonyana LM

has committed itself to respond to the people's legitimate demand for a better life as reflected in our budget in which the key priorities are water, and related critical infrastructure maintenance. In a continued effort to create jobs for the inhabitants of MLM and to encourage private sector investment, the capital budget is being focused on addressing the backlog of the aging infrastructure of the municipality and also to address the capacity in terms distribution of water at the areas in Winburg through funding from DWA.

Masilonyana has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers, installation of electricity & water smart meters, frequent updating the indigent register. The intervention of the Mayor and Council was requested to communicate this message to the community for the campaigns of indigents to be a success.

National Treasury's MFMA Circular No. 112 & 115 were used to guide the compilation of the 2022/23 MTREF

The main challenges experienced during the compilation of the 2022/23 MTREF can be summarised as follows:

1. The on-going difficulties in the national and local economy;
2. Aging and poor water, electricity and roads infrastructure;
3. Poor water supply in two towns of the Municipality.
4. The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
5. The increased cost of bulk water and electricity, also high outstanding debts which the Municipality is unable to meet due to tariff
6. Wage increases for municipal staff

The following budget principles and guidelines directly informed the compilation of the 2022/23 MTREF:

- Tariff and property rate increases should be affordable. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address Infrastructure backlogs; and are increased by 4.8% as per the Circular 115.



1.4 Charting the Way Forward

In view of the aforementioned, the following table is a consolidated overview of the proposed 2022/2024 Medium-term Revenue and Expenditure Framework:

1.4 ANNUAL BUDGET TABLES

Table 1: Consolidated Overview of the 2022/2023 MTREF

2021/22 MTREF BUDGET SUMMARY			
Description	BUDGET 2022/2023 '000	BUDGET 2023/2024 '000	BUDGET 2024/2025 '000
Total Operating Revenue	362 877	381 159	359 288
Total Operating Expenditure	430 669	356 341	351 481
Surplus/(Deficit) of the year	(67 792)	24 818	7 804
Total Capital Expenditure	52 491	49 076	53 718

The total capital budget is exclusive of the in-kind capital budget and PMU expenditure that is funded from the MIG.



Total operating revenue stands at 362 million for the 2022/23 financial year while total operating expenditure has been appropriated at R431 million, R356 million in 2023/2024 and R351 in 2024/2025. The operating expenditure budget is inclusive of non-cash item as reported above on 1.2.4.

MFMA Circular no. 58-79 stated that, in preparation for 2012/2013 budget, municipalities that have chosen the 'revaluation model' when implementing GRAP 17 must exclude the depreciation resulting from the revaluation of PPE when preparing their budgets and calculating any tariff increases. When implementing GRAP 17 in 2008/09 financial year.

However, there continues to be a focus to reduce the deficit for the municipality in line with National Treasury circular 72 requirements, to produce a funded surplus budget which is now not the case due to the high non-cash items and low revenue collection estimates, however the outer years reflects a surplus as an indication of improvement in the year to come.

Masilonyana Local Municipality has had to take a more conservative approach in the manner in which it approaches the budgeting. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury in Circular 80 and 82 in line with the Municipality's revenue enhancement strategy.

These measures will be implemented in an attempt to ensure the future viability of the institution and to focus on reducing the impact on the residents within our community.

Table 2: Summary of revenue classified by main revenue source

FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	94 035	87 478	90 074	65 653	65 653	65 653	68 020	69 592	72 654	32 764
Service charges - electricity revenue	2	25 473	25 424	43 452	44 524	44 524	44 524	24 485	47 596	52 419	54 866
Service charges - water revenue	2	56 109	63 370	67 453	37 427	37 427	37 427	57 773	39 224	40 949	42 792
Service charges - sanitation revenue	2	29 827	30 700	32 316	20 136	20 136	20 136	30 792	21 103	22 031	23 022
Service charges - refuse revenue	2	16 805	18 902	20 354	14 435	14 435	14 435	19 048	15 128	15 794	16 504
Rental of facilities and equipment		257	286	320	260	260	260	280	520	542	566
Interest earned - external investments		3 876	811	1 388	685	685	685	-	4 136	1 496	1 563
Interest earned - outstanding debtors		8 889	1 722	3 555	5 787	5 787	5 787	105	12 130	12 639	13 208
Dividends received		-	3	-	9	9	9	-	10	10	11
Fines, penalties and forfeits		-	6	-	576	576	576	-	402	419	438
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		105 155	117 963	139 842	136 704	136 704	136 704	-	151 040	160 124	171 378
Other revenue	2	113	174	507	575	875	875	384	1 997	2 082	2 175
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		340 540	346 837	399 262	326 771	327 071	327 071	200 888	362 877	381 159	359 288



Operational grants forms the largest component of the revenue basket for the municipality which amounts to R151 million. The second largest source is service charges at R123 million when we are not considering grant and subsidies. Property Rates constitutes R 69.5 million of the operating budget.

Table 3 Operating Transfers and Grant Receipts

FS181 Maseko - Supporting Table SA18 Transfers and grant receipts					Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
Description	Ref	2018/19	2019/20	2020/21	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand		Audited Outcome	Audited Outcome	Audited Outcome						
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	1 602	5 033	-	(3 925)	(3 925)	(3 945)	(2 650)	(3 135)
Local Government Equitable Share										
EPWP Incentive	-	-	(9)	991	-	(1 075)	(1 075)	(1 295)	-	-
Finance Management	-	-	1 611	4 011	-	(2 850)	(2 850)	(2 650)	(2 650)	(3 135)
Infrastructure Skills Development Grant	-	-	-	31	-	-	-	-	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	1 602	5 033	-	(3 925)	(3 925)	(3 945)	(2 650)	(3 135)



There's Equitable share of R147 mil, R157 mil and R168 mil for the MTREF gazetted, however due to the changes made by National Treasury on the reforms it does not reflect on the table above.

Summary of Rates and Service Charge Tariff implications to the 2022/23 MTREF Budget

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised local economic conditions, the wage agreements with unions, other input costs of services provided by the municipality, the municipality's indigent policy and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of both Eskom tariffs are beyond the South African Reserve Bank inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality are largely outside the control of the municipality. The Eskom price increase of bulk electricity supplied to municipalities will be by Nersa.

It must also be appreciated that the consumer price index, as measured by 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 CPIX consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, materials and chemicals.

The current challenge that will face MLM 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 this framework the municipality has undertaken the tariff setting process relating to service charges as follows:

1.3.2 Operating Expenditure Framework

The Council's expenditure framework for the 2022/23 budget and MTREF is informed by the following:

1. Employee related costs incorporating inclusive of salary increases for 22/23 F/Y
2. maintenance plan;
3. Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA
4. The capital programs (capital budget implementation plan and conditional grants attached).
5. Strict adherences to the principle of no project plan no budget. If there is no business plan, procurement plans, no funding allocation can be made.

The following table is a high level summary of the 2022/2023 budget and MTREF

Figure 2: Expenditure by major type for the 2022/2023 financial year



FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Expenditure By Type											
Employee related costs	2	92 546	92 088	112 258	118 638	118 638	118 638	63	124 336	129 060	134 540
Remuneration of councillors		56	1 003	488	7 559	7 559	7 559	-	7 922	9 359	8 529
Debt impairment	3	(20 360)	128 274	-	79 894	79 894	79 894	-	121 014	33 980	29 354
Depreciation & asset impairment	2	39 634	90 013	-	18 393	18 393	18 393	-	19 276	20 085	20 989
Finance charges		4 670	6 471	2 832	546	546	546	2	1 000	1 042	1 089
Bulk purchases - electricity	2	31 351	31 537	28 977	60 466	60 466	60 466	377	63 005	65 777	68 737
Inventory consumed	8	-	-	-	18 600	18 900	18 900	1 754	27 626	29 106	30 685
Contracted services		16 006	12 212	43 365	30 337	33 567	33 567	4 842	39 700	41 367	33 229
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	4 398	6 382	17 816	32 367	36 022	36 022	3 221	26 790	26 564	24 331
Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		168 300	367 980	205 736	366 799	373 984	373 984	10 259	430 669	356 341	351 484

Expenditure: 2022/2023

The budgeted allocation for employee related costs for the financial year amounts to R124 million, which equals 29 percent of the total operating expenditure; Employee related cost overall will increase by 4.9 percent to accommodate salary increases and include bargaining council agreement. Overall the total employee related cost and councillor’s remuneration of R7.9 million totals to 31 percent of the budget.

The following are highlights of the components of operating expenditure:

- As per MFMA circular 86, overtime is only being provided for emergency services and other critical functions; this is an item that was growing as management did not have proper monitoring and control over it, however, the policy that will regulate overtime and procedures has been develop to address it.
- 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 (No. 20 of 1998).
- The most recent proclamation (Government Gazette no. 35962) in this regard has been taken into account in compiling the municipality’s budget and an increase of 3.9 percent has factored in as per the MFMA circular 108 taking into consideration grading number 3 of the municipality;
- The provision of debt impairment was determined based on an annual collection rate of 57 percent, and the 43 percent of the debt has been impaired against the bad debtors and the remainder on revenue foregone (Exempt property rates, discounts/incentives and interest write offs). For the 2022/2023 financial year this amount equates to R121 million. While this expenditure is considered to be a non-cash flow item; it informs the total cost associated with rendering the services of the municipality, as well as the municipality’s realistically anticipated revenues.
- Provision for depreciation and asset impairment has been informed by the Municipality’s Asset



Management. Depreciation is widely considered a proxy for the measurement of the rate asset of consumption of assets. Budget appropriations in this regard total R19 million for the 2022/23 financial year and equates to 4 percent of the total operating expenditure.

6. Finance charges consist primarily of interest on Eskom outstanding debt and other charges, other creditors who are providing services to the Municipality and are not paid on time
7. Bulk purchases are directly informed by the purchase of electricity from Eskom. The Eskom payment plan has been taken into consideration for this years budgeted
The Bulk purchase constitutes 15 percent of the total operating budget. It is therefore imperative that the municipality prioritise the reduction of the distribution losses to maximum income generation from this expenditure item which has already been prioritized.
9. The municipality has been granted 5% of the MIG projects to be allocated to the repairs and maintenance. This is still under the MFMA circular 74 Guideline which stipulates that the Municipality must budget for at least 8% of the total asset carrying value, which in these case the Municipality does not comply due to financial constraints but will eventually meet the target, however to due aging infrastructure the Municipality is unable to meet the set percentage and most projects are to renew the infrastructure.
10. Contracted services takes into consideration the cost of mSCOA support, government garage, compilation of AFS and Repairs & Maintenance and constitutes R39 million or 9% of the budget
11. Other general expenses have been identified as one of the highest cost drivers for the municipality. In the 2022/2023 financial year, this group of expenditure totals R27 million or 6 percent of the total operational budget.



12.

1.3.2.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the MLM Indigent Management Policy. The target is to register 5000 or more indigents households during the 2022/2023 over MTREF financial year, a process reviewed annually, roadshows are currently underway in all towns in January 2022 to ensure that qualifying consumers are encouraged to register . The Indigent is an ongoing process where if anyone can lose their jobs as a result of this they may be declared as indigent , we will however be adjusting the budget if we reach that target. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share of R147 million receivable in terms of the annual Division of Revenue Bill.



Table 5: Capital expenditure by vote

FS181 Masilonyana - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		3 738	3 738	3 738	-	1 400	1 400	3 812	-	-	-
Vote 2 - Finance & Administration		420 219	57 571	106 921	-	-	-	131 738	-	-	-
Vote 3 - Planning & Development		227	227	462	-	-	-	462	-	-	-
Vote 4 - Technical Services		752 928	729 232	756 680	33 689	34 589	34 589	765 950	47 151	41 967	31 102
Vote 5 - Community & Social Services		245 380	260 730	260 730	310	-	-	260 730	805	-	-
Vote 6 - Community & Social Services1		-	164 528	170 410	1 150	1 460	1 460	170 410	3 272	1 227	1 276
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	1 333 103	51 228	43 195	32 378
Total Capital Expenditure - Vote		1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	1 333 103	51 228	43 195	32 378

Table 6: Capital expenditure by Standard Classification

FS181 Masilonyana - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital Expenditure - Functional											
Governance and administration		423 957	61 309	110 658	-	1 400	1 400	-	-	-	-
Executive and council		3 738	3 738	3 738	-	1 400	1 400	-	-	-	-
Finance and administration		420 219	57 571	106 921	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		29 863	194 374	200 256	1 415	1 415	1 415	-	4 077	1 227	1 276
Community and social services		(146)	(162)	(162)	310	-	-	-	-	-	-
Sport and recreation		-	164 528	170 410	1 105	1 415	1 415	-	3 272	1 227	1 276
Public safety		26 661	26 661	26 661	-	-	-	-	805	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		3 347	3 347	3 347	-	-	-	-	-	-	-
Economic and environmental services		433 812	433 812	434 048	1 705	2 605	2 605	-	-	-	-
Planning and development		227	227	462	-	-	-	-	-	-	-
Road transport		433 586	433 586	433 586	1 705	2 605	2 605	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		534 859	526 531	553 978	32 029	32 029	32 029	-	47 151	41 967	31 102
Energy sources		3 622	641	792	1 983	1 983	1 983	-	950	3 000	3 135
Water management		1 273	(19 442)	1 815	24 058	24 058	24 058	-	34 336	34 265	27 967
Waste water management		529 964	545 331	551 371	5 942	5 942	5 942	-	11 865	4 703	-
Waste management		-	-	-	45	45	45	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	-	51 228	43 195	32 378
Funded by:											
National Government		992 545	1 148 744	1 169 324	34 838	34 838	34 838	-	51 228	43 195	32 378
Provincial Government		-	-	12 750	-	-	-	-	-	-	-
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	992 545	1 148 744	1 182 074	34 838	34 838	34 838	-	51 228	43 195	32 378
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		429 946	67 282	116 867	310	2 610	2 610	-	-	-	-
Total Capital Funding	7	1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	-	51 228	43 195	32 378



MLM: FS181 APPROVED BUDGET AND MTREF

- In the 2022/2023 an amount of R51 million has been appropriated for the trading services which represents 100 percent of the total capital, to ensure that service delivery issues are corrected.



a. Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the *Municipal Budget and Reporting Regulations*.

Table8: MBRR A1-Consolidated Budget Summary



Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance);
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs;
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous 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;
4. After all consultation with the community and the provincial government and Provincial Treasury, the municipality has budgeted for a balanced budget which will force the municipality to better manage the cash-flow and also radically implement the cost containment measures from 1 July 2016 over the MTREF;
5. Capital expenditure is balanced by capital funding sources funded by National Government.
6. Internally generated funds will mainly provide for Township establishment infrastructure.
7. 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. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. 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.
8. 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 community and 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. In addition, the municipality continues to make progress in addressing service delivery backlogs



Table 9: MBRR A-2 Consolidated Budget Financial Performance (Revenue and Expenditure by Standard Classification)

FS181 Mafikeng - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional	1									
Governance and administration		218 365	213 390	228 659	275 240	265 817	265 817	142 453	138 794	104 314
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		218 365	213 390	228 659	275 240	265 817	265 817	142 453	138 794	104 314
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	214	-	-	-	-	-	-
Community and social services		-	-	214	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		100 739	101 216	122 121	88 083	97 806	97 806	272 915	291 441	308 692
Energy sources		19 882	19 422	37 559	35 816	35 816	35 816	47 195	52 002	54 429
Water management		43 652	43 698	44 716	37 427	24 427	24 427	39 224	40 949	42 792
Waste water management		23 914	24 464	25 343	20 136	(3 159)	(3 159)	21 103	22 031	23 022
Waste management		13 291	13 633	14 503	(5 296)	40 722	40 722	165 393	176 460	188 448
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	319 104	314 607	350 995	363 323	363 623	363 623	415 368	430 235	413 006
Expenditure - Functional										
Governance and administration		92 329	219 589	92 288	105 656	108 656	108 656	228 972	138 423	134 010
Executive and council		19 913	20 727	21 527	23 871	23 871	23 871	24 599	26 685	25 513
Finance and administration		72 416	197 864	70 653	80 615	83 615	83 615	203 026	110 340	107 038
Internal audit		-	998	109	1 170	1 170	1 170	1 346	1 398	1 459
Community and public safety		3 621	6 727	9 467	20 633	21 243	21 243	19 901	25 000	26 377
Community and social services		1 476	4 446	5 478	13 392	13 702	13 702	12 882	16 654	17 665
Sport and recreation		756	625	2 173	2 372	2 672	2 672	3 452	4 640	4 846
Public safety		1 389	1 656	1 617	3 328	3 328	3 328	1 891	1 966	2 052
Housing		-	-	-	1 541	1 541	1 541	1 675	1 739	1 814
Health		-	-	199	-	-	-	-	-	-
Economic and environmental services		12 678	16 739	17 854	9 191	10 266	10 266	24 016	19 969	20 138
Planning and development		4 302	7 931	7 388	3 639	3 639	3 639	16 458	14 180	14 816
Road transport		8 375	8 808	10 467	5 551	6 626	6 626	7 558	5 789	5 322
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		67 664	136 505	99 116	231 319	233 819	233 819	145 970	159 191	157 256
Energy sources		34 187	37 592	40 274	116 846	116 846	116 846	85 120	92 925	97 073
Water management		21 342	28 127	39 406	90 451	90 451	90 451	36 170	42 378	36 211
Waste water management		7 636	65 615	13 926	17 659	17 659	17 659	18 333	15 720	16 535
Waste management		4 499	5 171	5 510	6 364	8 864	8 864	6 347	8 168	7 436
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	176 292	379 560	218 725	366 799	373 984	373 984	418 858	342 583	337 782
Surplus/(Deficit) for the year		142 812	(64 953)	132 270	(3 476)	(10 361)	(10 361)	(3 490)	87 653	75 224

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. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government’ reports;



- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. However the expenditure are higher than the revenue as a result of the Debt impairment and Depreciation and assets impairment which are non-cash items. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Finance and Admin.

FS181 Masilonyana - 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
Revenue by Vote	1									
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		167 620	218 111	88 290	164 479	244 142	244 142	275 240	300 683	303 888
Vote 3 - Planning & Development		-	-	-	-	-	-	-	-	-
Vote 4 - Technical Services		97 732	87 388	99 132	88 383	88 383	88 383	93 379	136 960	143 069
Vote 5 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 6 - Community & Social Services1		19 853	12 983	15 882	13 893	3 000	3 000	(5 296)	(5 538)	(5 794)
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	285 205	318 482	203 304	266 755	335 525	335 525	363 323	432 104	441 163
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		28 840	19 913	3 690	26 490	26 490	26 490	25 723	27 892	27 885
Vote 2 - Finance & Administration		91 481	53 446	23 887	88 475	89 601	89 601	79 933	162 598	86 812
Vote 3 - Planning & Development		1 470	1 563	1 791	3 514	3 514	3 514	3 639	3 792	3 952
Vote 4 - Technical Services		192 722	73 502	13 543	161 286	178 553	178 553	230 507	240 188	250 264
Vote 5 - Community & Social Services		4 045	2 865	10 592	9 369	11 119	11 119	18 261	17 028	17 755
Vote 6 - Community & Social Services1		6 370	5 255	980	8 344	8 844	8 844	8 736	9 102	9 485
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	324 928	156 543	54 482	297 478	318 120	318 120	366 799	460 601	396 154
Surplus/(Deficit) for the year	2	(39 723)	161 939	148 822	(30 722)	17 405	17 405	(3 476)	(28 497)	45 009

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 Masilonyana Local Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.



Table 11: MBRR A-4 Consolidated Budgeted Financial Performance (Revenue and Expenditure by type)

FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	94 035	87 478	90 074	65 653	65 653	65 653	68 020	69 592	72 654	32 764
Service charges - electricity revenue	2	25 473	25 424	43 452	44 524	44 524	44 524	24 485	47 596	52 419	54 866
Service charges - water revenue	2	56 109	63 370	67 453	37 427	37 427	37 427	57 773	39 224	40 949	42 792
Service charges - sanitation revenue	2	29 827	30 700	32 316	20 136	20 136	20 136	30 792	21 103	22 031	23 022
Service charges - refuse revenue	2	16 805	18 902	20 354	14 435	14 435	14 435	19 048	15 128	15 794	16 504
Rental of facilities and equipment		257	286	320	260	260	260	280	520	542	566
Interest earned - external investments		3 876	811	1 388	685	685	685	-	4 136	1 496	1 563
Interest earned - outstanding debtors		8 889	1 722	3 555	5 787	5 787	5 787	105	12 130	12 639	13 208
Dividends received		-	3	-	9	9	9	-	10	10	11
Fines, penalties and forfeits		-	6	-	576	576	576	-	402	419	438
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		105 155	117 963	139 842	136 704	136 704	136 704	-	151 040	160 124	171 378
Other revenue	2	113	174	507	575	875	875	384	1 997	2 082	2 175
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		340 540	346 837	399 262	326 771	327 071	327 071	200 888	362 877	381 159	359 288
Expenditure By Type											
Employee related costs	2	92 546	92 088	112 258	118 638	118 638	118 638	63	124 336	129 060	134 540
Remuneration of councillors		56	1 003	488	7 559	7 559	7 559	-	7 922	9 359	8 529
Debt impairment	3	(20 360)	128 274	-	79 894	79 894	79 894	-	121 014	33 980	29 354
Depreciation & asset impairment	2	39 634	90 013	-	18 393	18 393	18 393	-	19 276	20 085	20 989
Finance charges		4 670	6 471	2 832	546	546	546	2	1 000	1 042	1 089
Bulk purchases - electricity	2	31 351	31 537	28 977	60 466	60 466	60 466	377	63 005	65 777	68 737
Inventory consumed	8	-	-	-	18 600	18 900	18 900	1 754	27 626	29 106	30 685
Contracted services		16 006	12 212	43 365	30 337	33 567	33 567	4 842	39 700	41 367	33 229
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	4 398	6 382	17 816	32 367	36 022	36 022	3 221	26 790	26 564	24 331
Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		168 300	367 980	205 736	366 799	373 984	373 984	10 259	430 669	356 341	351 484
Surplus/(Deficit)		172 240	(21 143)	193 526	(40 028)	(46 913)	(46 913)	190 629	(67 792)	24 818	7 804
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		7 113	9 097	-	36 552	36 552	36 552	-	52 491	49 076	53 718
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		179 353	(12 045)	193 526	(3 476)	(10 361)	(10 361)	190 629	(15 301)	73 894	61 522
Taxation		-	-	-	-	-	-	-	-	-	-

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

Total revenue is R363 million in 2022/23, R381 million and R359 million in 2023/2024 and 2024/2025 respectively. Expenditure is projected at R431 mil in 2022/23, R356 mil and R351 for the outer years. The Municipality has also budgeted on a deficit due to low collection rate, high debtors book and creditors book and no reserves however revenue enhancement strategies will also be adopted with the MTREF to assist the status of the financial position of the Municipality.



1. Revenue to be generated from property rates is R69.5 million for 2022/2023 which constitutes 19% of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R123 million (34%) million for the budget year.
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government and they amount to R151 million.

Table 12: MBRR A5 Consolidated Budgeted Capital Expenditure by Vote



MLM: FS181 FINAL BUDGET AND MTREF 2022/2023

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		-	-	-	-	-	-	-	-	-	-
Vote 3 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community & Social Services1		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		3 738	3 738	3 738	-	1 400	1 400	3 812	-	-	-
Vote 2 - Finance & Administration		420 219	57 571	106 921	-	-	-	131 738	-	-	-
Vote 3 - Planning & Development		227	227	462	-	-	-	462	-	-	-
Vote 4 - Technical Services		752 928	729 232	756 680	33 689	34 589	34 589	765 950	47 151	41 967	31 102
Vote 5 - Community & Social Services		245 380	260 730	260 730	310	-	-	260 730	805	-	-
Vote 6 - Community & Social Services1		-	164 528	170 410	1 150	1 460	1 460	170 410	3 272	1 227	1 276
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	1 333 103	51 228	43 195	32 378
Total Capital Expenditure - Vote		1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	1 333 103	51 228	43 195	32 378
Capital Expenditure - Functional											
Government and administration		423 957	61 309	110 658	-	1 400	1 400	-	-	-	-
Executive and council		3 738	3 738	3 738	-	1 400	1 400	-	-	-	-
Finance and administration		420 219	57 571	106 921	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		29 863	194 374	200 256	1 415	1 415	1 415	-	4 077	1 227	1 276
Community and social services		(146)	(162)	(162)	310	-	-	-	-	-	-
Sport and recreation		-	164 528	170 410	1 105	1 415	1 415	-	3 272	1 227	1 276
Public safety		26 661	26 661	26 661	-	-	-	-	805	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		3 347	3 347	3 347	-	-	-	-	-	-	-
Economic and environmental services		433 812	433 812	434 048	1 705	2 605	2 605	-	-	-	-
Planning and development		227	227	462	-	-	-	-	-	-	-
Road transport		433 586	433 586	433 586	1 705	2 605	2 605	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		534 859	526 531	553 978	32 029	32 029	32 029	-	47 151	41 967	31 102
Energy sources		3 622	641	792	1 983	1 983	1 983	-	950	3 000	3 135
Water management		1 273	(19 442)	1 815	24 058	24 058	24 058	-	34 336	34 265	27 967
Waste water management		529 964	545 331	551 371	5 942	5 942	5 942	-	11 865	4 703	-
Waste management		-	-	-	45	45	45	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	-	51 228	43 195	32 378
Funded by:											
National Government		992 545	1 148 744	1 169 324	34 838	34 838	34 838	-	51 228	43 195	32 378
Provincial Government		-	-	12 750	-	-	-	-	-	-	-
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	992 545	1 148 744	1 182 074	34 838	34 838	34 838	-	51 228	43 195	32 378
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		429 946	67 282	116 867	310	2 610	2 610	-	-	-	-
Total Capital Funding	7	1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	-	51 228	43 195	32 378



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

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.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. All capital projects falls under the single year capital
3. 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 specialized 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.
4. The capital programmes are 100% funded from national capital grants



Table 13: MBRR A6 consolidated Budgeted Financial Position

FS181 Masilonyana - Table A6 Budgeted Financial Position											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS											
Current assets											
Cash		(9 313)	(4 250)	8 153	454	454	454	(31 362)	1 571	901	1 001
Call investment deposits	1	4 528	59	59	-	-	-	59	-	-	-
Consumer debtors	1	409 564	443 615	582 809	1 150 162	1 150 162	1 150 162	704 900	109 750	108 905	107 656
Other debtors		85 760	97 579	114 910	7 843	7 843	7 843	120 461	-	-	-
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	(8 326)	(18 048)	(27 770)	(27 439)	(27 439)	(27 439)	(38 137)	-	-	-
Total current assets		482 212	518 955	678 160	1 131 020	1 131 020	1 131 020	755 921	111 321	109 806	108 657
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		90	86	86	-	-	-	86	-	-	-
Investment property		(5 220)	(5 336)	(5 336)	17 618	17 618	17 618	(5 336)	17 388	17 901	18 512
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	716 065	557 971	640 651	854 752	857 052	857 052	1 821 955	670 818	688 750	707 044
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	15	15	15	-	201	261	302
Total non current assets		710 934	552 722	635 401	872 386	874 686	874 686	1 816 705	688 407	706 911	725 858
TOTAL ASSETS		1 193 147	1 071 677	1 313 561	2 003 406	2 005 706	2 005 706	2 572 626	799 728	816 717	834 515
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	681	681	681	-	-	-	-
Consumer deposits		123	360	503	1 191	1 191	1 191	672	355	462	500
Trade and other payables	4	421 408	493 879	613 068	145 986	12 807	12 807	(582 289)	295 927	195 000	145 000
Provisions		45 620	40 990	40 990	176	176	176	40 990	23 930	23 930	23 930
Total current liabilities		467 151	535 229	654 561	148 034	14 855	14 855	(540 627)	320 212	219 392	169 430
Non current liabilities											
Borrowing		1 510	-	-	2 394	2 394	2 394	-	-	-	-
Provisions		-	-	-	34 879	34 879	34 879	-	-	-	-
Total non current liabilities		1 510	-	-	37 273	37 273	37 273	-	-	-	-
TOTAL LIABILITIES		468 661	535 229	654 561	185 307	52 128	52 128	(540 627)	320 212	219 392	169 430
NET ASSETS	5	724 486	536 448	659 000	1 818 099	1 953 578	1 953 578	3 113 254	479 516	597 325	665 085
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		781 217	781 232	781 235	1 678 408	1 813 887	1 813 887	(954 008)	288 969	1 897 263	431 970
Reserves	4	-	-	-	167 670	167 670	167 670	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	781 217	781 232	781 235	1 846 078	1 981 557	1 981 557	(954 008)	288 969	1 897 263	431 970

References

Explanatory notes to Table A6 - Budgeted Financial Position

- 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);
- 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.
- This is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;



4. Trade and other payables;
5. Provisions non-current;
6. Changes in net assets; and
7. 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.

Table 14: MBRR A7 Consolidated Budgeted Cash Flow

FS181 Masingo - Table A7 Budgeted Cash Flows											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	32 701	32 701	32 701	-	34 796	43 593	53 147
Service charges		-	-	-	71 885	71 885	71 885	-	68 664	82 430	97 135
Other revenue		-	-	-	1 302	1 302	1 302	-	2 916	3 039	3 175
Transfers and Subsidies - Operational	1	-	-	-	138 332	138 332	138 332	-	151 040	160 124	171 863
Transfers and Subsidies - Capital	1	-	-	-	35 324	35 324	35 324	-	52 491	49 076	53 718
Interest		-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	4 126	4 126	4 126	-	10	10	11
Payments											
Suppliers and employees		30 896	36 012	-	(143 483)	(143 483)	(143 483)	-	(329 693)	(1 833 101)	(359 274)
Finance charges		-	-	-	(546)	(546)	(546)	-	(1 000)	(1 042)	(1 089)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		30 896	36 012	-	139 641	139 641	139 641	-	(20 776)	(1 495 871)	18 685
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		-	-	-	(35 324)	(35 324)	(35 324)	-	51 228	43 195	32 378
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	(35 324)	(35 324)	(35 324)	-	51 228	43 195	32 378
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	836	(106)	(38)	
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	836	(106)	(38)
NET INCREASE/ (DECREASE) IN CASH HELD		30 896	36 012	-	104 317	104 317	104 317	-	31 288	(1 452 782)	51 026
Cash/cash equivalents at the year begin:	2	-	-	-	227	227	227	-	-	31 288	(1 421 494)
Cash/cash equivalents at the year end:	2	30 896	36 012	-	104 544	104 544	104 544	-	31 288	(1 421 494)	(1 370 468)



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 reflects a positive totals of - R31 million as at the end of the 2022/2023 financial year , however the Municipality is striving to stabilize the financial position



Table 15: MBRR A8 Consolidated Cash Backed Accumulated Surplus Reconciliation

FS181 Masilonyana - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash and investments available											
Cash/cash equivalents at the year end	1	30 896	36 012	–	104 544	104 544	104 544	–	31 288	(1 421 494)	(1 370 468)
Other current investments > 90 days		(35 681)	(40 203)	8 211	(104 089)	(104 089)	(104 089)	(31 303)	(29 717)	1 422 395	1 371 469
Non current assets - Investments	1	90	86	86	–	–	–	86	–	–	–
Cash and investments available:		(4 695)	(4 105)	8 297	454	454	454	(31 217)	1 571	901	1 001
Application of cash and investments											
Unspent conditional transfers		–	21 909	106 455	–	–	–	(106 455)	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	172 073	152 916	168 888	(501 516)	(633 672)	(633 672)	(124 013)	(56 212)	(64 026)	(88 660)
Other provisions		45 620	40 990	40 990	35 055	35 055	35 055	40 990	23 930	23 930	23 930
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		217 693	215 816	316 333	(466 461)	(598 617)	(598 617)	(189 477)	(32 282)	(40 096)	(64 730)
Surplus(shortfall)		(222 388)	(219 921)	(308 036)	466 916	599 072	599 072	158 260	33 853	40 997	65 731

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. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/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.
1. Considering the requirements of section 18 of the MFMA, it can be concluded that the tabled 2022/23 MTREF is not funded owing to the significant deficit and will be adopted with the budget funding tool for the budget year to implement measures of improving the current status.



Table 16: MBRR A9 Consolidated Asset Measurement

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MLM: FS181 FINAL BUDGET AND MTREF 2022/2023

FS181 Masilonyana - Table A9 Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	742 273	520 264	601 134	22 704	25 004	25 004	26 284	21 800	25 359
Roads Infrastructure		357 350	341 903	391 252	-	-	-	-	-	-
Storm water Infrastructure		121	(209 297)	(207 123)	4 934	4 934	4 934	-	-	-
Electrical Infrastructure		131 380	118 702	118 853	1 983	1 983	1 983	950	3 000	3 135
Water Supply Infrastructure		1 273	(19 620)	(407)	12 464	12 464	12 464	23 334	18 800	22 224
Sanitation Infrastructure		-	-	3 866	1 008	1 008	1 008	-	-	-
Solid Waste Infrastructure		4 342	4 342	4 342	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		494 467	236 030	310 784	20 389	20 389	20 389	24 284	21 800	25 359
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	164 528	170 410	300	300	300	2 000	-	-
Community Assets		-	164 528	170 410	300	300	300	2 000	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		3 738	3 738	3 738	-	-	-	-	-	-
Furniture and Office Equipment		3 428	3 412	3 647	310	-	-	-	-	-
Machinery and Equipment		1 259	1 259	1 259	1 705	2 015	2 015	-	-	-
Transport Assets		15 033	15 033	15 033	-	2 300	2 300	-	-	-
Land		224 349	96 264	96 264	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	2 044	12 399	12 399	12 399	13 137	5 930	1 276
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	2 044	11 595	11 595	11 595	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	11 865	4 703	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	2 044	11 595	11 595	11 595	11 865	4 703	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	805	805	805	1 272	1 227	1 276
Community Assets		-	-	-	805	805	805	1 272	1 227	1 276
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	680 218	695 763	695 763	45	45	45	11 808	15 465	5 743
Roads Infrastructure		433 544	433 544	433 544	-	-	-	-	-	-
Storm water Infrastructure		4 495	4 495	4 495	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		(1 809)	(1 631)	(1 631)	-	-	-	11 002	15 465	5 743
Sanitation Infrastructure		215 502	230 868	230 868	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	45	45	45	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		651 732	667 277	667 277	45	45	45	11 002	15 465	5 743
Community Facilities		28 486	28 486	28 486	-	-	-	805	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		28 486	28 486	28 486	-	-	-	805	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	51 228	43 195	32 378



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 previously 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, however due to financial constraints the Municipality is way below the threshold set.

Table 17: MBRR consolidated Basic Service Delivery Measurement



MLM: FS181 FINAL BUDGET AND MTREF 2022/2023

FS181 Masilonyana - Table A10 Basic service delivery measurement

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling		11 297	11 297	11 297	11 297	11 297	14 348	11 297	11 297	11 297
Piped water inside yard (but not in dwelling)		18 829	18 829	18 829	18 829	18 829	18 829	18 829	18 829	18 829
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532
<i>Minimum Service Level and Above sub-total</i>		37 658	37 658	37 658	37 658	37 658	40 709	37 658	37 658	37 658
Using public tap (< min.service level)	3	19	19	19	19	19	19	19	19	19
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		19	19	19	19	19	19	19	19	19
Total number of households	5	37 677	37 677	37 677	37 677	37 677	40 728	37 677	37 677	37 677
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		14 762	14 762	14 762	14 762	14 762	14 762	14 762	14 762	14 762
Flush toilet (with septic tank)		572	572	572	572	572	572	572	572	572
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529
<i>Minimum Service Level and Above sub-total</i>		16 863	16 863	16 863	16 863	16 863	16 863	16 863	16 863	16 863
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529
Total number of households	5	18 392	18 392	18 392	18 392	18 392	18 392	18 392	18 392	18 392
Energy:										
Electricity (at least min.service level)		2 918	2 918	2 918	2 918	2 918	2 918	2 918	2 918	2 918
Electricity - prepaid (min.service level)		11 695	11 695	11 695	11 695	11 695	11 695	11 695	11 695	11 695
<i>Minimum Service Level and Above sub-total</i>		14 613	14 613	14 613	14 613	14 613	14 613	14 613	14 613	14 613
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	14 613	14 613	14 613	14 613	14 613	14 613	14 613	14 613	14 613
Refuse:										
Removed at least once a week		18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554
Removed less frequently than once a week		18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554
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	18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		1 426	1 426	2 500	4 000	4 000	4 000	5 000	6 000	6 500
Sanitation (free minimum level service)		1 426	1 426	2 500	4 000	4 000	4 000	5 000	6 000	6 500
Electricity/other energy (50kwh per household per month)		1 426	2 500	4 000	4 000	4 001	4 002	5 000	6 000	6 500
Refuse (removed at least once a week)		1 426	1 426	2 500	4 000	4 000	4 000	5 000	6 000	6 500
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		3 582	3 582	3 764	3 959	3 959	3 959	4 137	4 328	4 527
Sanitation (free sanitation service to indigent households)		2 423	2 423	2 873	3 023	3 023	3 023	3 159	3 304	3 456
Electricity/other energy (50kwh per indigent household per month)		1 349	2 449	2 576	2 692	2 813	2 940	4 692	2 816	2 945
Refuse (removed once a week for indigent households)		1 343	1 343	2 408	2 534	2 534	2 534	2 648	2 769	2 897
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		8 696	9 796	11 621	12 207	12 328	12 455	14 636	13 217	13 824
Highest level of free service provided per household										
Property rates (R value threshold)		358 865	(3 128 226)	4 918 899	4 702 000	4 702 000	4 702 000	4 984 120	5 203 421	12 936 294
Water (kilolitres per household per month)		4 979 532	(6 228 250)	11 311 347	4 137 000	4 137 000	4 137 000	4 335 576	4 518 432	4 730 715
Sanitation (kilolitres per household per month)		2 500 692	(2 948 357)	3 585 408	-	-	-	-	-	-
Sanitation (Rand per household per month)		161 398	(229 749)	243 157	3 159 000	3 159 000	3 159 000	3 310 632	3 456 300	3 611 833
Electricity (kwh per household per month)		1 476 137	(1 741 297)	3 014 618	2 647 650	2 647 650	2 647 650	4 336 000	4 518 000	4 731 000
Refuse (average litres per week)		-	-	-	5 296 000	5 296 000	5 296 000	5 550 208	5 794 417	6 055 166
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		(3 127)	(4 877)	(6 078)	4 702	11 402	11 402	4 984	5 203	12 936
Water (in excess of 6 kilolitres per indigent household per month)		(6 228)	(9 836)	(11 369)	4 137	4 137	4 137	4 336	4 518	4 731
Sanitation (in excess of free sanitation service to indigent households)		(2 948)	(3 118)	(3 486)	3 159	3 159	3 159	3 311	3 456	3 612
Electricity/other energy (in excess of 50 kwh per indigent household per month)		(230)	(211)	(276)	4 692	-	-	4 336	4 518	4 731
Refuse (in excess of one removal a week for indigent households)		(1 741)	(2 621)	(2 926)	5 296	5 296	5 296	5 550	5 794	6 055
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	(14 275)	(20 664)	(24 134)	21 986	23 994	23 994	22 517	23 491	32 065

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services;
- The budget provides for 5000 households to be registered as indigent in the current financial year, The number is set to increase/decrease given the the open door policy that is in place.
- It is anticipated that these Free Basic Services will cost the municipality over R 22 million in 2022/2023 This is covered by the municipality's equitable share allocation from national government.



PART 2 – SUPPORTING DOCUMENTATION

Section 53 of the Municipal Finance Management Act 2003 (No. 56 of 2003) requires the Executive 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 Executive 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 Municipal Finance Management Act; 2003(No. 56 of 2003)

2.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's Integrated Development Plan (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 fourth revision cycle included the following key IDP processes and deliverables:

1. Registration of community needs;
2. Compilation of departmental business plans including key performance indicators and targets;
3. Financial planning and budgeting process;
4. Public participation process;
5. Compilation of the SDBIP, and
6. 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 2018/2019 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

During the compilation of the 2022/2023 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year.

2.1.1 Community Consultation

The 2022/2023 MTREF will be tabled by 31 March 2022. The Budget Process Plan was tabled before council in August 2021 where the budget activities of the 2022/2023 were presented.

All documents in the appropriate format will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the Municipal Finance Management Act, as evidence that the budget processes and public participation indeed took place.



2.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2022/23 MTREF, extensive financial modelling was undertaken to ensure affordability in the long-term and financial sustainability. The following key factors and planning strategies have informed the compilation of the 2021/22 MTREF and adjustments budgets:

1. The municipality growth;
2. Policy priorities and strategic objectives;
3. Asset maintenance;
4. Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
5. Performance trends;
6. The approved 2021/2022 budget and performance against the SDBIP;
7. Cash Flow Management;
8. Debtor payment levels;
9. Investment possibilities;
10. The need for tariff increases versus the ability of the community to pay for services; and
11. Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's Municipal Finance Management Act Circulars 51, 54, 68, 70 and 72 has been taken into consideration in the planning and prioritisation process.

2.3 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 utilize 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 the municipality correlates 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 municipality's 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 exists alignment between national and provincial priorities, policies and strategies and the Municipalities response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

1. Green Paper on National Strategic Planning of 2009;
2. Government Programme of Action;
3. Development Facilitation Act of 1995;
4. Provincial Growth and Development Strategy (GGDS);
5. National and Provincial spatial development perspectives;
6. Relevant sector plans such as transportation, legislation and policy;
7. National Key Performance Indicators (NKPIs);
8. Accelerated and Shared Growth Initiative (ASGISA);
9. National 2014 Vision;
10. National Spatial Development Perspective (NSDP) and
11. 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.

The following highlights the IDP's five strategic objectives for the 2020/2021 MTREF and further planning refinements that have directly informed the compilation of the budget;

Build better communities and good governance - Strive to build a united, non-racial, non-sexiest, competitive and prosperous community.



Enhance financial sustainability -Strategies to ensure financial stability by raising revenue strategies, asset management, and financial management, enhance cost effectiveness and capital investment programmes.

Accelerate an inclusive growing economy - Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Masilonyana and promote agricultural and tourism development.

Plan for the future

Masilonyana must create an environment conducive for economic growth through investments in socio economic infrastructure to trigger local economic growth and forge partnership with stakeholders to invest in the local economy.

Develop a learning organization

Masilonyana Municipality needs to acquire highly competent workforce to successfully implement its newly developed strategic intent. And has already took its workforce for vast training from Technical Services, for plant operations courses ABET, Municipal Finance Management Programme etc.

Establish effective and efficient services - Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of Masilonyana effective on-going water and sanitation services, waste -management services in an effective manner, and parks and cemetery development in order to protect human health and well-being environment as aligned to government and national key objectives

Enhance effective, accountable and clean institutional management and corporate, governance. Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.

In order to ensure integrated and focused service delivery between all spheres of government, it was important for the Masilonyana Local Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- a) Provision of quality basic services and infrastructure which includes, amongst others:
1. Provide electricity;
 2. Provide water;
 3. Provide sanitation;
 4. Provide waste removal;
 5. Provide roads and storm water; and



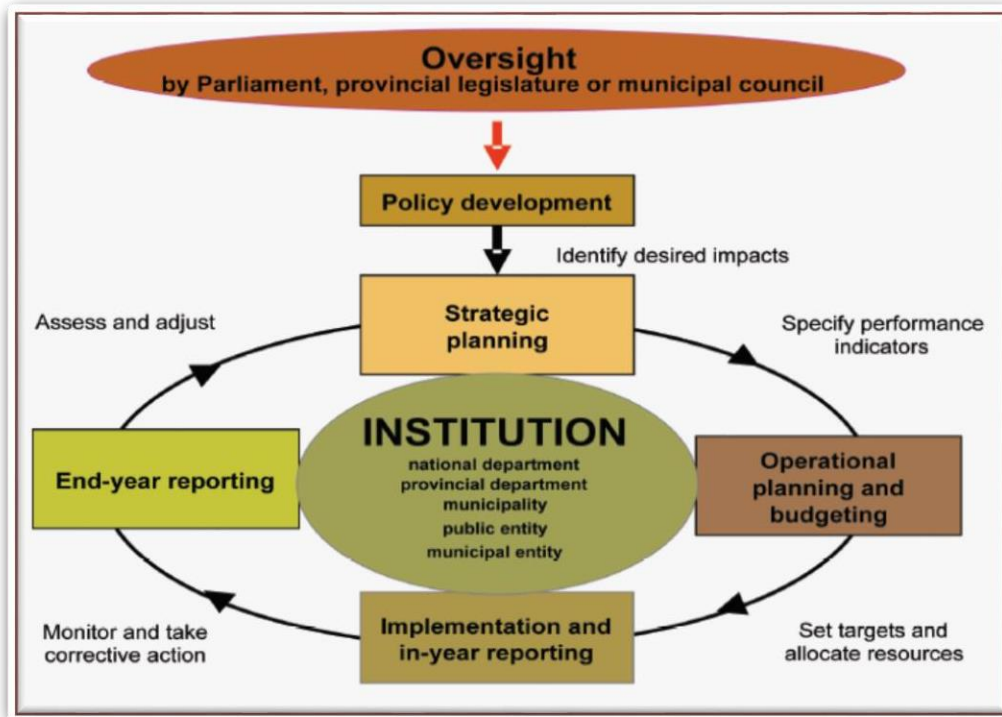
6. Maintaining the infrastructure of the municipality.
- b) Economic growth and development that leads to sustainable job creation by:
1. Ensuring there is a clear structural plan, LED strategy for the Municipality;
 2. Ensuring planning processes function in accordance with set timeframes; and
 3. Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- c) Fight poverty and build clean, healthy, safe and sustainable communities through:
1. Effective implementation of the Indigent Policy;
 2. Working with the provincial department of health to provide primary health care services;
 3. Extending waste removal services and ensuring effective municipal cleansing;
 4. Ensuring all waste water treatment works are operating optimally;
 5. Working with strategic partners such as SAPS to address crime;6
 6. Ensuring safe working environments by effective enforcement of building and health regulations;7
 7. Promote viable, sustainable communities through proper zoning; and
 8. Promote environmental sustainability by protecting wetlands and key open spaces

2.4 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds.

The Municipality targets, monitors, assess and reviews organizational performance which in turn is directly linked to individual employee's performance.

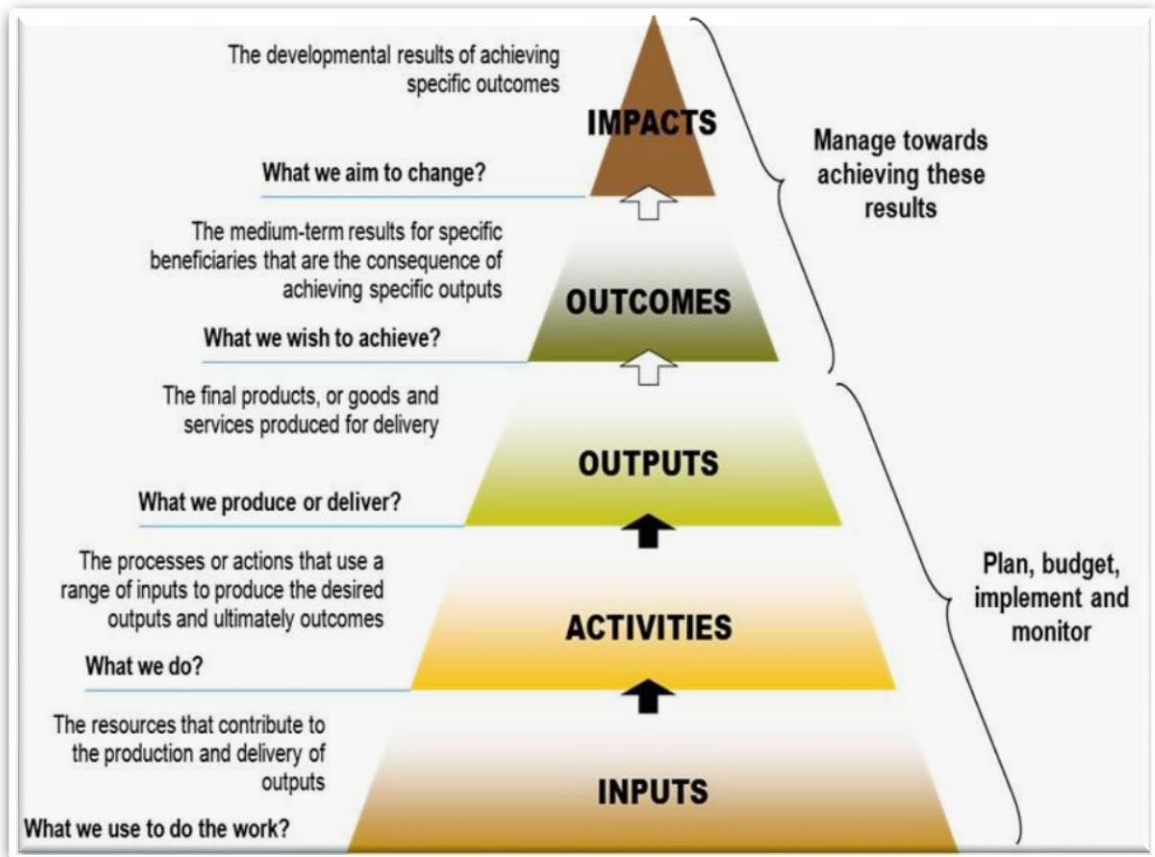
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

1. Planning (setting goals, objectives, targets and benchmarks);
2. Monitoring (regular monitoring and checking on the progress against plan);
3. Measurement (indicators of success);
4. Review (identifying areas requiring change and improvement);
5. Reporting (what information, to whom, from whom, how often and for what purpose); and
6. Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury which is depicted below:



2.5 Budget related policies

Masilonyana Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies have been reviewed and tabled to Council with the budget:

- Municipal Property rates policy
- Budget policy
- Tariff policy
- Indigent policy
- Fixed Asset management policy
- Cash management & investment policy
- Credit control & Debt Collection policy
- Supply Chain Management policy
- Unauthorized, Irregular Fruitless and Wasteful policy
- Bad debt write-off policy
- Policy governing payments of creditors, councilors and officials
- Subsistence and Travel policy
- Disclosure Related parties' policies
- Events after reporting date policy and procedure manual



- Virements Policy

The 2022/23 MTREF has been prepared on the basis of achieving an average debtors' collection rate 57 percent in average. In addition, the collection of debt in excess of 90 days will be prioritised by enforcing the credit control policy.

Finally, debt owed by Councillors and municipal staff has been prioritised for speedy recovery and where there's such debt, deductions are made against councillors and officials of the municipality, and also to ensure that Councillors pays off the debt within the prescribed term.

2.6 Overview of the budget assumptions

2.6.1 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 2022/2023 MTREF, namely:

1. National Government macro-economic targets;
2. The general inflationary outlook and the impact on the residents and businesses;
3. The impact of municipal cost drivers;
4. The increase in prices for bulk electricity and water; and
5. The increase in the cost of remuneration. Employee related costs comprise 28% of the total operating expenditure in the 2022/2023

2.6.2 Interest Rates on borrowing and Investment of Funds

The MFMA stipulates that borrowing can only utilized to fund capital or refinancing of borrowing in certain condition. There are no current loans budgeted for this financial year.

2.6.3 Collection rate for revenue services

The base assumption is that tariff and rates will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a percentage +-25 percent of annual billings. Cash flow is assumed to be 57 percent of billings in average, due to the SMART prepaid electricity meters that are currently being installed and the project will assist to enhance the revenue collection as it is anticipated to start generating income for all users.

2.6.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, and real growth of the municipality, household formation growth rate and the poor household change rate.



2.7 Legislation compliance status

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

2.7.1. In year reporting

Reporting to National Treasury in electronic format will fully be complied with on a monthly basis. mSCOA data strings reporting to the Executive Mayor (within 10 working days) is fully complied with.

2.7.2 Internship programme

Currently the Municipality have 5 interns who resumed duties in July 2021 , and one of the interns was appointed to be Internal Audit Officer and will resume duties on the 01/07/2022

2.7.3. Audit Committee

There's an Audit Committee in place that was appointed during 2021/22 financial year

2.7.4. Service Delivery and Implementation Plan

A detailed SDBIP document is in place and it is directly aligned and informed by the 2021/2022 MTREF budget and Integrated Development Plan. The 2022/23 SDBIP will also be drafted and aligned to the 2022/23 MTREF. This document will be approved by the Mayor 28 days after the budget is approval by council.

RECOMMENDATIONS:

That council takes note:

1. 2022/2023 MTREF Budget,
2. Budget related policies for 2022/23
3. Tariffs Book for 2022/2023, Council to pronounce itself if the tariffs should be VAT inclusive or exclusive



2.8 QUALITY CERTIFICATE

QUALITY CERTIFICATE

I, Me. HNL Mokoteli, acting Municipal Manager of Masilonyana Local Municipality, hereby certify that:

2022/2023 ORIGINAL MTREF

has been prepared in accordance with Section 24 of the Municipal Finance Management Act 56 of 2003 and the relevant regulations.

Name : Me. HNL.Mokoteli Mokoteli

Signature : _____

Date : _____