



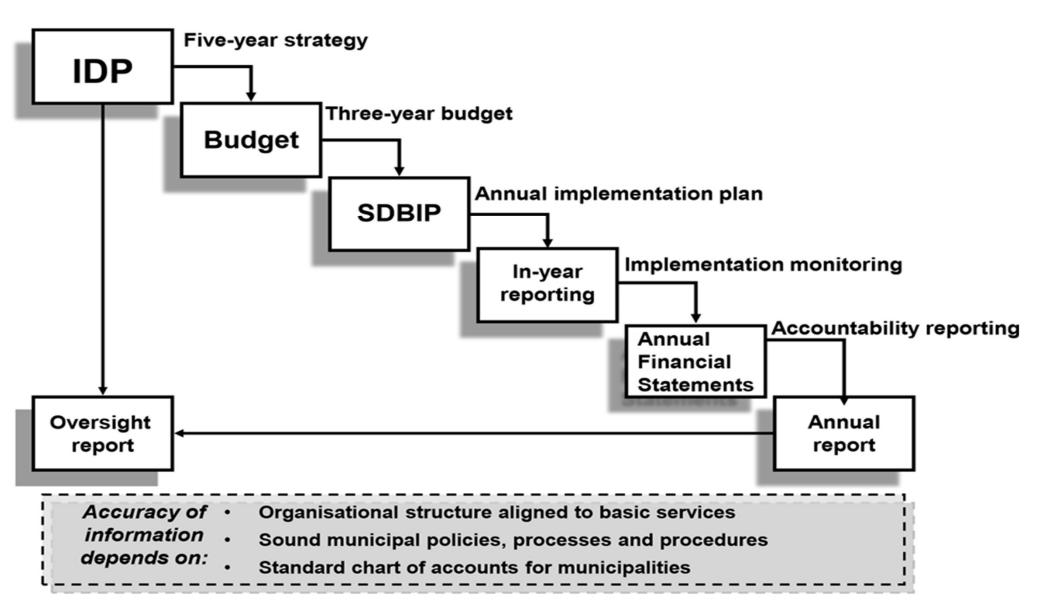




#### **Presentation outline**

- LG budget process
- Regulated Budget Schedules/ Tables
- Funded budget

#### **Local Government Accountability Cycle**



#### Planning, Budgeting and Implementation

- Budgeting is the process of allocating limited resources to policy priorities covering service delivery imperatives
- Policy priorities in a municipality are decided upon by the community and the political executive and form the basis of the IDP
- The IDP should match to the strategic objectives of other role-players, such as national departments, provincial governments, public entities and other municipalities
- Council must ensure that the IDP priorities address the NDP, Medium Term Strategic Framework, State of the Nation Address, Provincial Growth and Development Strategy (PGDS), among others

#### **Municipal Budgeting**

- Budgeting purpose to allocate scarce financial resources to the operations and responsibilities of the municipality
- A municipality's funds are mostly generated from levying rates & taxes, transfers by National and Provincial government and user fees paid by the community, among others
- It is important that the municipality is upfront clear on how it intends to use public funds for the delivery of services to the community
- The effective management of public expenditure can help a municipality meet its IDP objectives and priorities and deliver basic services to the community
- Poor public expenditure management can undermine service delivery to the most vulnerable communities

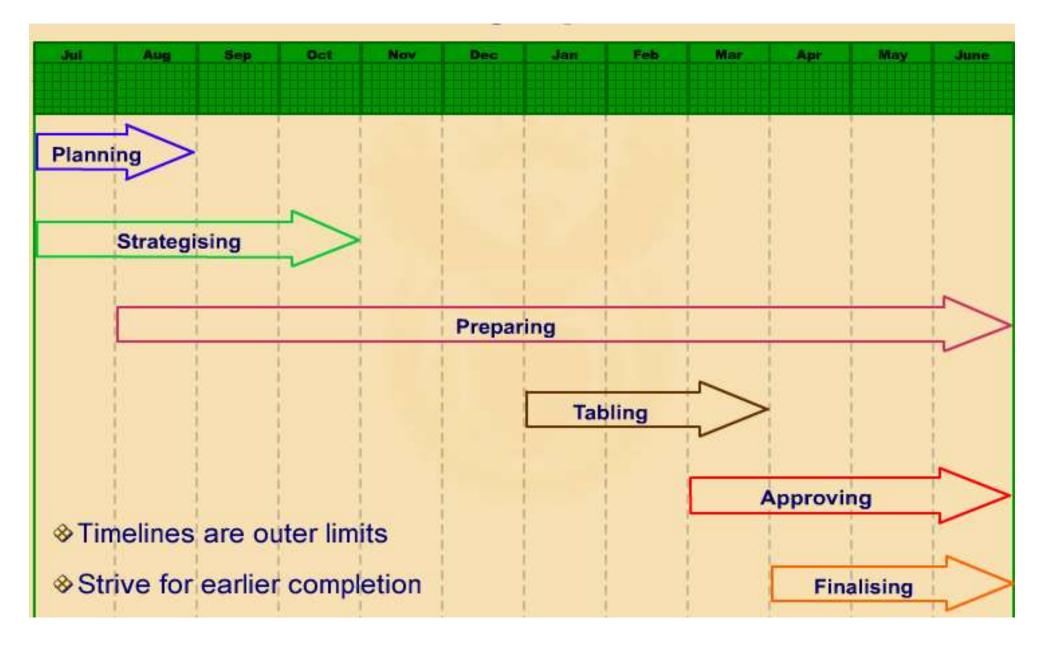
### Six steps to preparing the budget

1	Planning	Schedule key dates, establish consultation forums, review previous processes
2	Strategising	Review IDP, set service delivery objectives for next 3 years, consult on tariffs, indigent policies, credit control policies, free basic services and consider local, provincial and national issues, previous year's performance and current economic and demographic trends
3	Preparing	Prepare budget, revenue and expenditure projections, draft budget policies, consult, consider local, provincial and national priorities
4	Tabling	Table budget, revised IDP and budget related policies before council. Consult and consider formal local, provincial and national inputs and responses
5	Approving	Council approves budgets, revised IDP and budget related policies
6	Finalising	Publish budget and approve and publish SDBIP and annual performance agreements and indicators

# Legal framework: Key MFMA prescriptions in relation to the municipal budgeting process

- S15(a) Municipality may incur expenditure only i.t.o. an approved budget
- S16(1) Council must approve budget <u>before</u> the start of the financial year (that is before 1 July)
- S21(1)(a) Mayor must coordinate budget & IDP preparation processes
- S21(1)(b) Mayor must table time schedule of key deadlines at least 10 months before start of budget year (31 August) for:
  - Annual review of the IDP, preparation, tabling & approval of budget and public consultations
- S16(2) Mayor must table budget to Council at least 90 days before start of financial year (that is by 31 March)
- S17(3) Tabled budget must be accompanied by, inter alia
  - Draft resolutions approving budget
  - Draft resolutions imposing tariffs and taxes
  - Proposed amendments to IDP and budget related policies
  - Proposed service delivery agreements with external mechanisms
- S24 Council must consider budget for approval at least 30 days before the start of the budget year (that is by 30 June)

#### **Budget Process timeline**



# Schedule of Key Dates in the municipal financial year (1)

Municipal Financial Year: 01 July to 30 June

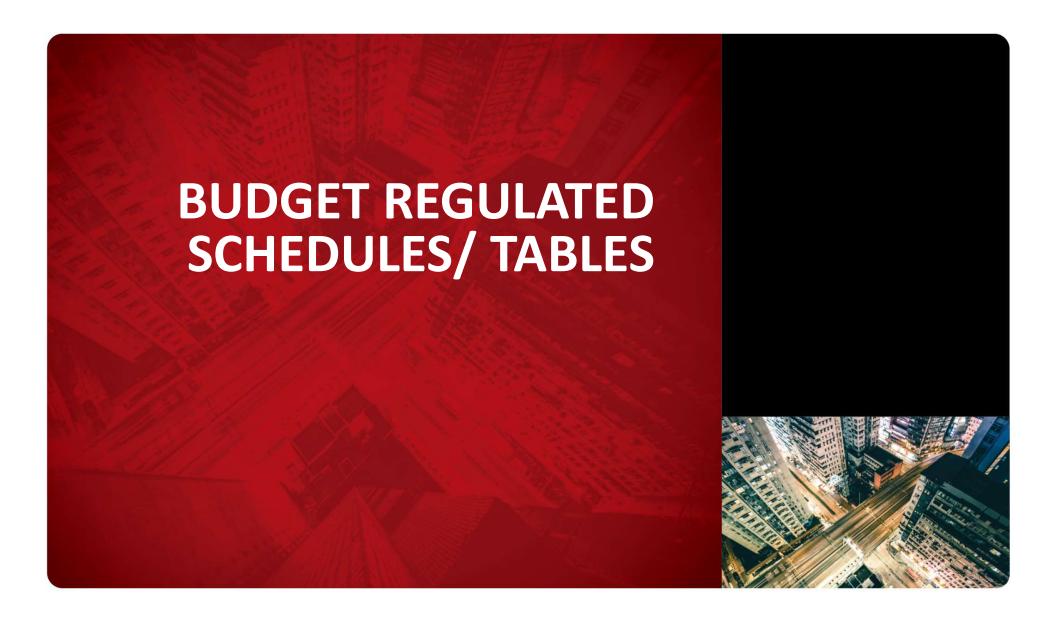
	dget Process consultation and adoption of annual budget	)									
Activity	Deadline	Reference*									
Table Budget Process timetable in Council	31 August (10 months prior to start of fin.yr)	S 21(b) & 53 (1)									
Table draft budget in Council	31 March (90 days prior to start of fin. yr)	S 16(2), 17 & 87 (3)									
Council to consider annual budget for approval	31 May (30 days prior to start of fin.yr)	S 24(1)									
Approve annual budget by Council resolution	30 June	16(1) & 24(2)									
In-year Monitoring and Reporting Processes											
Submit monthly S71 report to Mayor, PT and NT	Within 10 working days of the start of the month	S71 (1), (2), (3), (4)									
Mayor to table Quarterly S71 report in Council	Quarterly	S52(d)									
NT to publish S71 information on a quarterly basis	Quarterly (within 45 days of end of quarter)										
Mid-year Budget and Performance Assessment	25 January	S72 (1)									
Table Adjustments Budget in Council	28 February	S72(3)									

<sup>\*</sup> MFMA reference

# Schedule of Key Dates in the municipal financial year (2)

Annual Financial Statements and Annual Reports											
Activity	Deadline	Reference*									
Submit AFS and Annual PR to Auditor General (no entities)	31 August	S126 (1) (a)									
Submit consolidated AFS to AG (entities)	30 September	S126 (1) (b)									
Audited Financial Statements received from AG	30 November	S126 (3)									
Table Annual Report in Council	31 January	S127 (2)									

<sup>\*</sup> MFMA reference









Batho Pele City - Table A1 Budget Summary

Description	2018/19	2019/20	2020/21		Current ye	ear 2021/22		2022/23 Medium Term Revenue & Expenditure Framework			
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2024/25	
Financial Performance											
Property rates											
Service charges											
Investment revenue											
Transfers recognised - operational											
Other own revenue											
Total Revenue (excluding capital transfers											
and contributions)											
Employee costs											
Remuneration of councillors											
Depreciation & asset impairment											
Finance charges											
Inventory consumed and bulk purchases											
Transfers and grants											
Other expenditure											
Total Expenditure											
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary											
allocations) (National / Provincial and District)											
Transfers and subsidies - capital (monetary											
allocations) (Nat / Prov Departm Agencies,											
Households, Non-profit Institutions, Private											
Enterprises, Public Corporatons, Higher Educ											
Institutions) & Transfers and subsidies - capital											
(in-kind - all)											
Surplus/(Deficit) after capital transfers &											
contributions											
Share of surplus/ (deficit) of associate											
Surplus/(Deficit) for the year											

Batho Pele City - Table A1 Budget Summary										
Description	2018/19	2019/20	2020/21		Current ye	ear 2021/22		Expe	edium Term F nditure Fram	ework
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2024/25
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - capital										
Borrowing										
Internally generated funds										
Total sources of capital funds										
Financial position										
Total current assets										
Total non current assets										
Total current liabilities										
Total non current liabilities										
Community wealth/Equity										
Cash flows										
Net cash from (used) operating										
Net cash from (used) investing										
Net cash from (used) financing										
Cash/cash equivalents at the year end										
Cash backing/surplus reconciliation										
Cash and investments available										
Application of cash and investments										
Balance - surplus (shortfall)										
Asset management										
Asset register summary (WDV)										
Depreciation & asset impairment										
Renewal and Upgrading of Existing Assets										
Repairs and Maintenance										
Free services										
Cost of Free Basic Services provided										
Revenue cost of free services provided						000000000000000000000000000000000000000				
Households below minimum service level						B0000000000000000000000000000000000000				
Water:						000000000000000000000000000000000000000				
Sanitation/sewerage:										
Energy:										
Refuse:										

Batho Pele City - Table A2 Budgeted Financial Perfo	ormai	nce by Funct	ional Classifi	cation						
Description	Ref	2018/19	2019/20	2020/21	Cur	rent year 202	1/22		edium Term F	
·								Expe Budget	nditure Frame Budget	ework Budget
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Year	Year	Year
Revenue - Functional				- Cuttoonio				2022/23	2023/24	2024/25
Municipal governance and administration										
Executive and council										
Finance and administration										
Internal audit										
Community and public safety										
Community and social services										
Sport and recreation										
Public safety										
Housing										
Health										
Economic and environmental services										
Planning and development										
Road transport										
Environmental protection										
Trading services										
Energy sources										
Water management										
Waste water management										
Waste management										
Other	4									
Total Revenue - Functional	2	•••••								>======================================
Expenditure - Functional								***************************************		
Municipal governance and administration										
Executive and council										
Finance and administration										
Internal audit										
Community and public safety										
Community and social services										
Sport and recreation										
Public safety										
Housing										
Health										
Economic and environmental services										
Planning and development										
Road transport										
Environmental protection										
Trading services										
Energy sources										
Water management										
Waste water management										
Waste management										
Other	4									
Total Expenditure - Functional	3									
Surplus/(Deficit)										

atho Pele City - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)  2022/23 Medium Term Revenue &											
Vote Description	Ref	2018/19	2019/20	2020/21	Cur	rent year 202	1/22		edium Term F nditure Fram		
		A 114 1	A 114 1	A 114 1		<b>A</b> 11	F 11.V	Budget	Budget	Budget	
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Year	Year	Year	
Revenue by vote		Outcome	Outcome	Outcome	Duaget	Buuget	1 Olcoust	2022/23	2023/24	2024/25	
Vote 1 - Community Services & Health											
Vote 2 - Corporate Services											
Vote 3 - Economic Opportunities & Asset Managemnt											
Vote 4 - Energy & Climate Change											
Vote 5 - Finance											
Vote 6 - Human Settlements											
Vote 7 - Office of the City Manager											
Vote 8 - Safety & Security											
Vote 9 - Spatial Planning & Environment											
Vote 10 - Transport											
Vote 11 - Urban Management											
Vote 12 - Water & Waste											
Vote 13 - [NAME OF VOTE 13]											
Vote 14 - [NAME OF VOTE 14]											
Vote 15 - [NAME OF VOTE 15]											
Total Revenue by Vote	2										
Expenditure by Vote to be appropriated	1										
Vote 1 - Community Services & Health											
Vote 2 - Corporate Services											
Vote 3 - Economic Opportunities & Asset Managemnt											
Vote 4 - Energy & Climate Change											
Vote 5 - Finance											
Vote 6 - Human Settlements											
Vote 7 - Office of the City Manager											
Vote 8 - Safety & Security											
Vote 9 - Spatial Planning & Environment											
Vote 10 - Transport											
Vote 11 - Urban Management											
Vote 12 - Water & Waste											
Vote 13 - [NAME OF VOTE 13]											
Vote 14 - [NAME OF VOTE 14]											
Vote 15 - [NAME OF VOTE 15]		-	-	_	-	-	_	-	-	_	
Total Expenditure by Vote	2	-	_	-	-	-	-	_	-	_	
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	-	-	-	

Batho Pele City - Table A4 Budgeted Financial Performance											
Description	Ref	2018/19	2019/20	2020/21		Current ye	ear 2021/22	,	Expe	edium Term F nditure Fram	ework
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2024/25
Revenue By Source											
Property rates	2										
Service charges - electricity revenue	2										
Service charges - water revenue	2										
Service charges - sanitation revenue	2										
Service charges - refuse revenue	2										
Rental of facilities and equipment											
Interest earned - external investments											
Interest earned - outstanding debtors											
Dividends received											
Fines, penalties and forfeits											
Licences and permits											
Agency services											
Transfers and subsidies											
Other revenue	2										
Gains											
Total Revenue (excluding capital transfers and											
contributions)											
Expenditure By Type	l -										
Employee related costs	2										
Remuneration of councillors											
Debt impairment	3										
Depreciation and asset impairment	2										
Finance charges											
Bulk purchases - electricity	2										
Inventory consumed	8										
Contracted services											
Transfers and subsidies											
Other expenditure	4,5										
Losses											
Total Expenditure											
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations)											
(National / Provincial and District)											
Transfers and subsidies - capital (monetary allocations)											
(Nat / Prov Departm Agencies, Households, Non-profit											
Institutions, Private Enterprises, Public Corporatons,											
Higher Educ Institutions)	6										
Transfers and subsidies - capital (in-kind - all) Surplus/(Deficit) after capital transfers and											
contributions											
Taxation											
Surplus/(Deficit) after taxation											
Attributable to minorities											
Surplus/(Deficit) attributable to municipality											
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year											

Batho Pele City - Table A5 Budgeted Capital Expenditure by Functional Classification and Funding

Description	Ref	2018/19	2019/20	2020/21		Current ye	ear 2021/22			edium Term F nditure Frame	
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2024/25
Capital Expenditure - Functional											
Municipal governance and administration											
Executive and council											
Finance and administration											
Internal audit											
Community and public safety											
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services											
Planning and development											
Road transport											
Environmental protection											
Trading services											
Energy sources											
Water management											
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Functional	3							***************************************	***************************************		
Funded by											
National Government	-										
Provincial Government											
District Municipality											
Transfers and subsidies - capital (monetary											
Transfers recognised - capital	4							***************************************	***************************************		
Borrowing	6										
Internally generated funds											
Total Capital Funding	7										

Batho Pele City - Table A6 Budgeted Financial Position

Batho Pele City - Table A6 Budgeted Financial	Posit	ion			Π				2022/22 M	edium Term F	Payanua 9
Description	Ref	2018/19	2019/20	2020/21		Current ye	ear 2021/22			nditure Frame	
R thousands	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2024/25
ASSETS											
Current assets											
Cash											
Call deposits and investments	1										
Consumer debtors	1										
Other debtors											
Current portion of long-term receivables											
Inventory	2										
Total current assets											
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3										
Biological											
Intangible											
Other non-current assets											
Total non current assets											
TOTAL ASSETS											
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4										
Consumer deposits											
Trade and other payables	4										
Provisions											
Total current liabilities									***************************************		
Non current liabilities											
Financial liabilities											
Provisions											
Total non current liabilities											
TOTAL LIABILITIES											
NET ASSETS	5										
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)											
Reserves	4										
TOTAL COMMUNITY WEALTH/EQUITY	5										

Batho Pele City - Table A7 Budgeted Cash Flows

Description	Ref	2018/19	2019/20	2020/21		Current ye	ear 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
R thousands		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates											
Service charges											
Other revenue											
Transfers and Subsidies - Operational	1										
Transfers and Subsidies - Capital	1										
Interest											
Dividends											
Payments											
Suppliers and employees											
Finance charges											
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES											
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (increase) in non-current receivables											
Decrease (increase) in non-current investments											
Payments											
Capital assets											
NET CASH FROM/(USED) INVESTING ACTIVITIES											
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES											
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2										
Cash/cash equivalents at the year end:	2										

Batho Pele City - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	·	2019/20	2020/21		Current ye	ear 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Cash and investments available											
Cash/cash equivalents at the year end	1										
Other current investments > 90 days											
Non current assets - Investments	1										
Cash and investments available:											
Application of cash and investments Unspent conditional transfers Unspent borrowing Statutory requirements Other working capital requirements	2										
Other provisions											
Long term investments committed	4										
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:											
Surplus(shortfall)											

# Table A9 – Budgeted Asset Management – Part 1 Total New Asset

Description		2018/19	2019/20	2020/21		rent year 202		2022/23 Medium Term Revenue & Expenditure Framework		
R thousands	N	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year	Budget Year
CAPITAL EXPENDITURE		Gattonio	Guttonio	Guttonio			1 0100001	100.	100.	1001
Total New Assets	1									
Roads Infrastructure										
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure										
Community Facilities										
Sport and Recreation Facilities										
Community Assets										
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings										
Housing										
Other Assets										
Biological or Cultivated Assets										
Servitudes										
Licences and Rights										
Intangible Assets										
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Land										
Zoo's, Marine and Non-biological Animals										

# Table A9 – Budgeted Asset Management – Part 2 Total Renewal of Existing Assets

Description	Ref	2018/19	2019/20	2020/21	Cui	rrent year 202	1/22	2022/23 Medium Term Revenue & Expenditure Framework		
R thousands	N	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year	Budget Year
CAPITAL EXPENDITURE		- Cuttorino	- Cuttorino	Cuttounio						
Total Renewal of Existing Assets	2									
Roads Infrastructure										
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure										
Community Facilities										
Sport and Recreation Facilities										
Community Assets										
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings										
Housing										
Other Assets										
Biological or Cultivated Assets										
Servitudes										
Licences and Rights Intangible Assets										
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Land										
Zoo's, Marine and Non-biological Animals										

# Table A9 – Budgeted Asset Management – Part 3 Total Uparadina of Existina Assets

Description	Ref	2018/19	2019/20	2020/21		rent year 202		2022/23 Medium Term Revenue & Expenditure Framework		
R thousands	N	Audited Outcome	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
CAPITAL EXPENDITURE		Outcome	Outcome	Outcome	Budget	Budget	Forecast	rear	rear	rear
Total Upgrading of Existing Assets	6									
Roads Infrastructure										
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure										
Community Facilities										
Sport and Recreation Facilities										
Community Assets										
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings										
Housing										
Other Assets										
Biological or Cultivated Assets										
Servitudes										
Licences and Rights										
Intangible Assets										
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Land										
Zoo's, Marine and Non-biological Animals										

# Table A9 – Budgeted Asset Management – Part 4 Total Capital Expenditure

Description	Ref	2018/19	2019/20	2020/21	Cur	rent year 202	1/22	2022/23 Medium Term Revenue 8 Expenditure Framework		
R thousands	N	Audited	Audited	Audited	Original	Adjusted	Full Year	Budget	Budget	Budget
CAPITAL EXPENDITURE	+	Outcome	Outcome	Outcome	Budget	Budget	Forecast	Year	Year	Year
Total Canital Expanditure	١,									
Total Capital Expenditure  Roads Infrastructure	4									
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure										
Community Facilities										
Sport and Recreation Facilities								<b>V</b>		
Community Assets										
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings										
Housing										
Other Assets										
Biological or Cultivated Assets										
Servitudes										
Licences and Rights										
Intangible Assets										
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Land										
Zoo's, Marine and Non-biological Animals										
TOTAL CAPITAL EXPENDITURE - Asset Class										

# Table A9 – Budgeted Asset Management – Part 5 Asset Reaister Summary

Description	Ref	2018/19	2019/20	2020/21	Cur	rent year 202	1/22	2022/23 Medium Term Revenue & Expenditure Framework				
R thousands	N	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year	Budget Year		
CAPITAL EXPENDITURE		- Cutto IIII	- Cuttomio	- Cuttomic	Daagot		10100001	100.	100.			
ASSET REGISTER SUMMARY - PPE (WDV)	5											
Roads Infrastructure												
Storm water Infrastructure												
Electrical Infrastructure												
Water Supply Infrastructure												
Sanitation Infrastructure												
Solid Waste Infrastructure												
Rail Infrastructure												
Coastal Infrastructure												
Information and Communication Infrastructure												
Infrastructure												
Community Assets												
Heritage Assets												
Investment properties												
Other Assets												
Biological or Cultivated Assets												
Intangible Assets												
Computer Equipment												
Furniture and Office Equipment												
Machinery and Equipment												
Transport Assets												
Land												
Zoo's, Marine and Non-biological Animals												
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)												

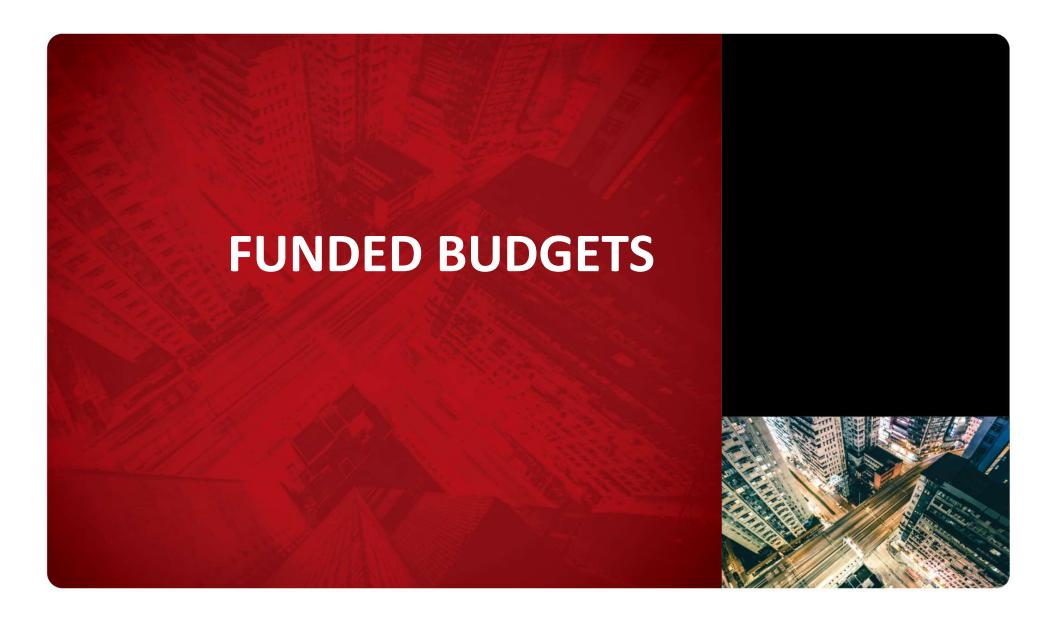
# Table A9 – Budgeted Asset Management – Part 6 Expenditure Other Items

Description	Ref	2018/19	2019/20	2020/21	Cur	rent year 202	1/22	2022/23 Medium Term Revenue Expenditure Framework		
R thousands	N	Audited	Audited	Audited	Original	Adjusted	Full Year	Budget	Budget	Budget
CAPITAL EXPENDITURE		Outcome	Outcome	Outcome	Budget	Budget	Forecast	Year	Year	Year
EXPENDITURE OTHER ITEMS										
<u>Depreciation</u>	7									
Repairs and Maintenance by Asset Class	3									
Roads Infrastructure										
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure										
Community Facilities										
Sport and Recreation Facilities										
Community Assets										
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings										
Housing										
Other Assets										
Biological or Cultivated Assets										
Servitudes										
Licences and Rights										
Intangible Assets										
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Land										
Zoo's, Marine and Non-biological Animals										
TOTAL EXPENDITURE OTHER ITEMS										
Renewal and upgrading of Existing Assets as % of total capex										
Renewal and upgrading of Existing Assets as % of deprecn										
R&M as a % of PPE										
Renewal and upgrading and R&M as a % of PPE										

Batho Pele City - Table A10 Basic Service Delivery Measurement										
Description	Ref	f 2018/19	2019/20	2020/21	Cur	rent year 202	1/22	2022/23 Medium Term Revenue & Expenditure Framework		
R thousands		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total					•			•		
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
Below Minimum Service Level sub-total										
Total number of households	5									
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
Minimum Service Level and Above sub-total										
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
Below Minimum Service Level sub-total										
Total number of households	5							,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
Minimum Service Level and Above sub-total										
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total										
Total number of households	5									
Refuse:	"									
Removed at least once a week										
Minimum Service Level and Above sub-total								***************************************		
Removed less frequently than once a week Using communal refuse dump										
Using own refuse dump Other rubbish disposal										
No rubbish disposal  Below Minimum Service Level sub-total										
Total number of households	_									
Total number of nousenous	5									

Batho Pele City - Table A10 Basic Service Delivery Measurement

Description	Ref	2018/19	2019/20	2020/21	Cur	rent year 202	1/22	2022/23 Medium Term Revenue & Expenditure Framework		
R thousands		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year 2023/24	Budget Year 2024/25
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)										
Cost of Free Basic Services provided - Formal Settlements	8									
Water (6 kilolitres per indigent household per month)										
Sanitation (free sanitation service to indigent households)										
Electricity/other energy (50kwh per indigent household per month)										
Refuse (removed once a week for indigent households)										
Cost of Free Basic Services provided - Informal Formal Settlements										
Total cost of FBS provided										
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided	9									
Property rates (tariff adjustment) (impermissable values per section 1										
Prop. rates exempt., reduct., rebates and imperm. values in excess of										
Water (in excess of 6 kilolitres per indigent household per month)										
Sanitation (in excess of free sanitation service to indigent household										
Electricity/other energy (in excess of 50 kwh per indigent household										
Refuse (in excess of one removal a week for indigent households)										
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided										









#### **Funding Compliance Methodology**

- A municipal budget must be funded in terms of Section 18 of the MFMA before a Municipal Council can adopt that budget for implementation.
- A funded budget is essentially a budget that is funded by a combination of cash derived either from realistically anticipated revenues to be collected in that year, and cash backed surpluses of previous years.
- It is a common practice amongst most municipalities, when preparing their annual budgets, to overstate or inflate revenue projections, either to reflect a surplus, or on the surface to show that excess expenditure requirements are adequately covered by revenues to be collected.
- Therefore, the revenue estimates are seldom underpinned by realistic or realisable revenue assumptions resulting in municipalities not being able to collect this revenue, and as a result finding themselves in cash flow difficulties. Should such situations arise, municipalities must adjust expenditure downwards to ensure that there is sufficient cash to meet these commitments

#### **Causes of Unfunded Budgets**

- The unfunded budget starts with budgeting for operational deficits on the Financial Performance Budget (municipalities simply living beyond their cash generating capacity) or by under collecting revenue without adequately providing for debt impairment
- This is exacerbated by then including capital expenditure funded from internal funds that are not properly cash backed
- As a result, the municipality will use cash in operations rather than generating cash (this will cause the municipality to use conditional grants for operational requirements)
- Using cash in operations over the MTREF Budget will deplete the available cash carried over from previous financial years and will inevitably result in a negative cash and cash equivalent position (bank overdraft position) if continued with
- A significantly reduced or negative cash and cash equivalent position on the Cash Flow Statement will result in a negative funding position once the outstanding liabilities are subtracted from the available cash at financial year-end
- As a result, amounts owed to creditors and suppliers of bulk services will no longer be covered by available cash and debtors to be collected
- The result is an increasing negative working capital position with debt owed to creditors and suppliers of bulk services escalating beyond control
- The budget funding calculation will yield a deficit position which by definition equates to an unfunded budget

#### **Calculation of Budget Funding Position**

- The test for a funded budget is determined on Table A8 of the MBRR A1 Budget Schedule:
  - Simple test to determine if the municipality generated adequate cash to cover all operational and maintenance and capital expenses during the financial year and meeting outstanding liabilities after the close of the financial year
  - The calculation simply calculates the available cash and cash equivalents at financial year end less any liabilities
  - A surplus cash position will be indicative of a funded budget position
- Funding Measurement Table A8 and includes the following calculation:

# Cash and investments available Cash/cash equivalents at the year end Other current investments > 90 days Non current assets - Investments Cash and investments available: Application of cash and investments Unspent conditional transfers Unspent borrowing Statutory requirements Other working capital requirements Other provisions Long term investments committed Reserves to be backed by cash/investments Total Application of cash and investments: Surplus(shortfall)

# THANK YOU



For additional information on national and provincial budgets, please visit our new budget data portal: <a href="https://vulekamali.gov.za">https://vulekamali.gov.za</a>

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