

ANNUAL BUDGET 2023/24

SETSOTO LOCAL MUNICIPALITY



2023/24 TO 2025/26

MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

Setsotho Local Municipality – Annual Budget & MTREF 2023/24

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kl	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
l	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of Accounts
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service

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SDBIP Service Delivery Budget Implementation Plan
SMME Small Micro and Medium Enterprises

PART 1: Annual Budget

1.1 Mayor's Report

The Executive Mayors report will be handed out during the Budget meeting.

1.2 Executive Summary

The application of sound financial management principles for the compilation of the Municipality 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.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, accommodation, and catering. Also referring to the Cost containment measures adopted by Council.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 122 and 123 were used to guide the compilation of the 2023/24 MTREF. The mSCOA version 6.7 was also introduced with the circulars and thus the budget tables were compiled and reported in terms of the said circulars.

The main challenges experienced during the compilation of the 2023/24 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;

- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- The need to fill critical vacancies.
- The unexpected fuel price hike might have a detrimental effect on service delivery.

The following budget principles and guidelines directly informed the compilation of the 2023/24 MTREF:

- The 2022/23 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2023/24 annual budget;
- Intermediate service level standards were used to inform the measurable objectives.
- Tariff and property rate increases should be affordable, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of providing water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

1.3 Recommendation

It is recommended that council at its Meeting held on 30 May 2023, consider approving the annual budget for the 2023/24 financial year, with the following:

- 1.1. measurable performance objectives for revenue from each source and for each vote in the budget;
- 1.2. any changes to the municipality's integrated development plan;
- 1.3. any changes to the municipality's budget related policies;
- 1.4. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are considered

2. The Council of Setsoto Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) should also consider the approval of the following tariffs;

- 2.1. the tariffs for property rates – as set out in attached tariff list,
- 2.2. the tariffs for electricity– as set out in attached tariff list,
- 2.3. the tariffs for the supply of water – as set out in attached tariff list
- 2.4. the tariffs for sanitation services – as set out in attached tariff list
- 2.5. the tariffs for solid waste services – as set out in attached tariff list

1.4 Summary of Operating Revenue and Expenditure

Total operating revenue has grown by 6% or R36 million to R658.5 for the 2022/23 financial year when compared to the 2022/23 Adjustment Budget. For the two outer years, operational revenue will increase by 5% for 2024/25 and 2025/26 respectively.

Total operating expenditure for the 2023/24 financial year increased by 6% or R39 million and the total amount appropriated is R661.6 million including depreciation and amortisation of R110.7 million and which translates into a budgeted deficit of R3 million excluding capital transfers.

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FS191 Sesoto - A1 Budget Summary										
Description Ref	2019/20	2020/21	2021/22	Current year 2022/23				2023/24 Medium term revenue and expenditure framework		
Figures in Rand thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full year forecast	Pre-Audited outcome	Budget year 2023/24	Budget year +1 2024/25	Budget year +2 2025/26
Financial performance										
Property rates	64,265	66,418	64,828	73,985	73,985	73,985	39,804	76,749	80,586	84,212
Service charges	212,099	218,662	245,140	258,092	253,334	253,334	152,636	273,867	287,561	300,501
Investment revenue	4,167	1,850	4,772	3,700	5,800	5,800	4,919	3,500	3,675	3,840
Transfer and subsidies - Operational	394,774	243,876	216,782	238,854	238,854	238,854	170,115	255,437	268,209	280,278
Other own revenue	22,196	17,136	40,798	37,536	50,127	50,127	28,834	49,012	51,463	53,780
Total revenue (excluding capital transfers and contributions)	697,501	547,942	572,320	612,167	622,100	622,100	396,308	658,565	691,494	722,611
Employee costs	199,983	222,426	215,404	228,323	229,654	229,654	129,468	235,005	246,755	257,863
Remuneration of councillors	26,872	12,967	12,871	12,535	14,282	14,282	8,464	14,641	15,373	16,065
Depreciation and amortisation	149,987	394,456	-	120,865	120,842	120,842	-	110,734	116,272	121,504
Finance charges	7,000	4,044	2,061	1,555	1,174	1,174	1,169	2,502	2,627	2,745
Inventory consumed and bulk purchases	86,854	94,539	111,120	128,320	114,583	114,583	57,868	149,480	156,954	161,714
Transfers and subsidies	25,120	30,601	22,699	14,776	23,659	23,659	23,659	38,951	40,900	42,740
Other expenditure	190,488	174,500	167,100	117,013	117,740	117,740	54,767	110,293	115,809	121,023
Total expenditure	686,304	933,533	531,255	623,387	621,934	621,934	275,395	661,606	694,690	723,654
Surplus/(Deficit)	11,197	(385,591)	41,065	(11,220)	166	166	120,913	(3,041)	(3,196)	(1,043)
Transfers and subsidies - capital (monetary allocations)	261,222	166,664	97,385	221,001	219,001	219,001	65,593	220,198	231,208	241,612
Surplus/(Deficit) after capital transfers and contributions	272,419	(218,927)	138,450	209,781	219,167	219,167	186,506	217,157	228,012	240,569
Intercompany/Parent subsidiary transactions	64	67	68	-	70	70	41	65	68	71
Surplus/(Deficit) for the year	272,355	(218,860)	138,518	209,781	219,237	219,237	186,547	217,222	228,080	240,640
Capital expenditure and funds sources										
Capital expenditure	194,532	221,686	120,355	249,490	230,896	230,896	88,378	237,993	246,993	257,011
Transfers recognised - Capital	158,035	172,053	110,225	221,001	221,001	221,001	86,072	220,198	231,208	241,612
Borrowings	2,635	(2)	75	5,800	1,021	1,021	1,024	14,775	12,614	12,070
Internally generated funds	19,803	140	9,183	225	16	16	827	3,020	3,171	3,330
Total sources of capital funds	180,473	172,191	119,483	227,026	222,038	222,038	87,923	237,993	246,993	257,012
Financial position										
Total current assets	953,793	405,919	484,645	114,863	395,720	395,720	582,810	467,511	(17,228)	(15,720)
Total non current assets	5,797,490	2,699,067	2,818,621	249,489	2,929,917	2,929,917	2,649,889	2,799,506	246,993	257,012
Total current liabilities	447,287	258,870	317,160	271,191	260,744	260,744	281,998	281,426	-	-
Total non current liabilities	159,304	83,068	82,350	-	83,068	83,068	103,189	103,189	-	-
Community wealth/Equity	6,121,246	2,762,810	2,903,158	186,874	2,958,920	2,958,920	2,847,351	2,878,034	228,080	(465,851)
Cash flow										
Net cash from (used) operating	1,011,960	530,382	404,914	634,193	(74,671)	(74,671)	294,988	835,229	876,990	916,454
Net cash from (used) investing	(186,935)	(181,502)	(141,515)	(227,026)	(215,712)	(215,712)	(102,165)	(231,198)	(242,758)	(253,682)
Net cash from (used) financing	-	(3,831)	(4,493)	5,300	(6,615)	(6,615)	(696)	-	-	-
Cash/cash equivalent at the year end	885,981	375,256	304,423	412,467	(250,080)	(250,080)	285,315	650,949	1,285,180	1,947,952
Cash backing/surplus reconciliation										
Cash and investments available	6,343,270	2,882,796	3,029,233	375,835	3,009,931	3,009,931	2,929,733	2,992,822	229,765	272,732
Cash and investments available	(252,858)	(120,003)	(120,040)	(244,401)	(117,897)	(117,897)	(75,584)	(125,819)	-	-
Balance - surplus (shortfall)	6,596,128	3,002,799	3,149,273	620,236	3,127,828	3,127,828	3,005,317	3,118,641	229,765	272,732
Asset management										
Asset register summary (WDV)	5,292,953	2,368,000	2,378,085	23,989	2,377,849	2,377,849		2,325,888	15,785	15,400
Depreciation	135,653	392,322	-	120,157	108,943	108,943		97,835	102,727	107,348
Renewal and upgrading of existing assets	167,387	149,955	112,599	236,799	221,969	221,969		216,818	227,759	57,080
Repairs and maintenance	5,776	7,095	14,108	18,022	4,204	4,204		16,788	17,627	16,120

1.5 Operating Revenue Framework

For Setsoto Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macro-economic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a a) annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The implementation of the new valuation roll;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Council.

1.6 Summary of Operating Revenue by source

Table 2 – Summary of Operating Revenue by source

FS191 Sesoto - A1 Budget Summary										
Description Ref	2019/20	2020/21	2021/22	Current year 2022/23				2023/24 Medium term revenue and expenditure framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full year forecast	Pre-Audited outcome	Budget year 2023/24	Budget year +1 2024/25	Budget year +2 2025/26
Financial performance										
Property rates	64,265	66,418	64,828	73,985	73,985	73,985	39,804	76,749	80,586	84,212
Service charges	212,099	218,662	245,140	258,092	253,334	253,334	152,636	273,867	287,561	300,501
Investment revenue	4,167	1,850	4,772	3,700	5,800	5,800	4,919	3,500	3,675	3,840
Transfer and subsidies - Operational	394,774	243,876	216,782	238,854	238,854	238,854	170,115	255,437	268,209	280,278
Other own revenue	22,196	17,136	40,798	37,536	50,127	50,127	28,834	49,012	51,463	53,780
Total revenue (excluding capital transfers and contributions)	697,501	547,942	572,320	612,167	622,100	622,100	396,308	658,565	691,494	722,611

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise **53%** of the total revenue mix. In the 2023/24 financial year, revenue from rates and services charges totalled **R350,616 million**. In the above table revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality have been taken into account for both property rates and service charges.

Service charges on electricity will be increased in line with the proposed increase by the National Energy Regulation of South Africa (NERSA) while other service charges were increased with an average of 6%.

1.7 Summary of operating expenditure by standard classification item

Table 8 Summary of operating expenditure by standard classification item

Figures in Rand thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full year forecast	Pre-Audited outcome	Budget year	Budget year +1	Budget year +2
								2023/24	2024/25	2025/26
Expenditure										
Employee related costs	199,983	222,426	215,404	228,323	229,654	229,654	129,468	235,005	246,755	257,863
Remuneration of councillors	26,872	12,967	12,871	12,535	14,282	14,282	8,464	14,641	15,373	16,065
Bulk purchases - electricity	67,088	79,631	92,583	103,590	103,590	103,590	55,408	123,272	129,436	135,260
Inventory consumed	19,766	14,908	18,537	24,730	10,993	10,993	2,460	26,208	27,518	26,454
Debt impairment	8,963	76,736	-	31,064	31,064	31,064	2	32,469	34,092	35,627
Depreciation and amortisation	149,987	394,456	-	120,865	120,842	120,842	-	110,734	116,272	121,504
Interest	7,000	4,044	2,061	1,555	1,174	1,174	1,169	2,502	2,627	2,745
Contracted services	30,871	17,577	24,898	16,818	28,114	28,114	18,857	26,359	27,678	28,924
Transfers and subsidies	25,120	30,601	22,699	14,776	23,659	23,659	23,659	38,951	40,900	42,740
Irrecoverable debts written off	111,589	51,192	113,924	44,000	30,720	30,720	16,360	20,182	21,191	22,144
Operational costs	38,788	29,068	28,278	25,131	27,842	27,842	19,548	31,283	32,848	34,328
Losses on disposal of Assets	277	(73)	-	-	-	-	-	-	-	-
Total expenditure	686,304	933,533	531,255	623,387	621,934	621,934	275,395	661,606	694,690	723,654

The budgeted allocation for employee related costs for the 2023/24 financial year totals R235,005 million (excluding Councillor’s remuneration). Filling of critical positions in terms of the approved organisational structure were considered as well as the annual increment of salaries.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in compiling the Municipality’s budget.

Provision of debt impairment for the 2023/24 financial year amounts to **R32,469 million**. While this expenditure is a non-cash flow item, it informed 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 Policy as well as the GRAP standards. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. The recurring audit finding from the Auditor General in terms of the depreciation was also considered when compiling the budget.

Interest consists primarily of the repayment of interest on long-term borrowing (cost of capital) that the municipality has with financial institutions namely DBSA, and the new loan that the municipality is anticipating taking in the current financial year for specialised vehicles.

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Bulk purchases are directly informed by the purchase of electricity from Eskom and an increase as determined and approved by NERSA.

Operational Costs increased with % or R3.441 million, however the cost containment measures as outlined in the Circular 82 and adopted by the municipal Council still apply.

1.7.1 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 Municipality Indigent Policy. The target is to register 8 000 or more indigent households during the 2023/24 financial year, a process reviewed annually.

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

1.8 Capital Expenditure

The following table provides a breakdown of budgeted capital expenditure for the 2023/24 Medium Term Revenue & Expenditure Framework, using the Division of Revenue Bill of 2023.

Capital Grants	2022/23
	<i>R '000</i>
Municipal Infrastructure Grant (MIG)	56 025
Regional Bulk Infrastructure (RBIG)	150 000
Water Service Infrastructure Grant	14 173
TOTAL	220 198

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Figures in Rand thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full year forecast	Pre-Audited outcome	Budget year 2023/24	Budget year +1 2024/25	Budget year +2 2025/26	
Capital expenditure - Functional											
Governance and administration											
Executive and council	35	47	68	194	1,036	1,036	1,042	-	-	-	
Finance and administration	699	3,201	734	903	762	762	392	-	-	-	
	734	3,248	802	1,097	1,798	1,798	1,434	-	-	-	
Community and public safety											
Community and social services	7,053	-	42	50	-	-	-	-	-	-	
Sport and recreation	5,294	16,601	19	1,562	3,954	3,954	2	11,000	11,550	12,070	
Public safety	7	8	20	-	-	-	31	-	-	-	
Housing	57	-	99	4,620	98	98	108	-	-	-	
	12,411	16,609	180	6,232	4,052	4,052	141	11,000	11,550	12,070	
Economic and environmental services											
Planning and development	89	-	17	22	-	-	-	-	-	-	
Road transport	6,653	10,521	-	5,000	4,000	4,000	7	5,000	5,250	5,486	
	6,742	10,521	17	5,022	4,000	4,000	7	5,000	5,250	5,486	
Trading services											
Energy sources	45,023	18,561	10,144	20,293	4,623	4,623	724	11,775	9,464	8,778	
Water management	102,099	128,996	96,568	214,240	201,971	201,971	84,301	187,173	196,532	205,391	
Waste water management	27,459	42,383	12,622	-	10,846	10,846	1,771	12,025	12,626	13,194	
Waste management	64	1,368	22	2,606	3,606	3,606	-	11,020	11,571	12,092	
	174,645	191,308	119,356	237,139	221,046	221,046	86,796	221,993	230,193	239,455	
Total Capital expenditure - Functional	3	194,532	221,686	120,355	249,490	230,896	230,896	88,378	237,993	246,993	257,011
Funded by:											
National government		158,035	172,053	110,225	221,001	221,001	221,001	86,072	220,198	231,208	241,612
Borrowing	6	2,635	(2)	75	5,800	1,021	1,021	1,024	14,775	12,614	12,070
Internally generated funds		19,803	140	9,183	225	16	16	827	3,020	3,171	3,330
		22,438	138	9,258	6,025	1,037	1,037	1,851	17,795	15,785	15,400
Total capital funding	7	180,473	172,191	119,483	227,026	222,038	222,038	87,923	237,993	246,993	257,012

The total capital expenditure appropriation is R237,993 million and will be funded through National Government Grants [R220,198 million], Borrowing [R14,775 million] and internally generated funds [R3,020].

1.9 Legislation compliance status

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

1. In year reporting

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

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA and headed by the Chief Financial Officer.

4. Audit and Risk Committees

An Audit and Risk Committees have been established and are fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2023/24 MTREF in May 2023 which will be aligned and informed by the 2023/24 MTREF.

6. Annual Report

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

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality internal centre and training is ongoing.

8. Policies

All budget related policies were amended and be tabled in the Municipal Council meeting together with the annual budget.

1.10 Funding credibility on cash flow

The following table illustrate that based on the collection rate of service charges the budget are cash funded.

The expenditure budget increased with 6% from R621 million to R661 million, which is mainly attributed to the decrease in depreciation and amortisation. To determine a realistic and credible budget the following calculation was made:

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Total Revenue	R 658.565 million
Less Debt Impairment	R 32.469 million
Available Cash Revenue	<u>R 626.096</u> million
Total Expenditure	R 661.606 million
Less Debt Impairment	R 32.469 million
Less Depreciation	R 110.734 million
Cash Expenditure	<u>R 518.403</u> million
Surplus	<u>R 107.693</u> million

With the necessary financial discipline, the municipality might maintain the basic service delivery.

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Table 10 – Summary of Operating Revenue and Expenditure cash flow

Setsoto Local Municipality - Table A7 Budgeted Cash Flow										
Description Ref	2019/20	2020/21	2021/22	Current year 2022/23				2023/24 Medium term revenue and expenditure framework		
Figures in Rand thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full year forecast	Pre-Audited outcome	Budget year 2023/24	Budget year +1 2024/25	Budget year +2 2025/26
Cash flow from operating activities										
Receipts										
Property rates	257,859	126,121	184,123	104,594	27,574	27,574	89,503	76,749	80,586	84,212
Service charges	102,583	105,958	123,805	188,257	(22,794)	(22,794)	66,073	279,434	293,405	306,609
Other revenue	4,569	3,956	7,548	40,150	(29,598)	(29,598)	2,615	3,411	3,582	3,743
Transfers and Subsidies - Operational	393,759	207,807	183,661	325,048	120,586	120,586	119,743	255,437	268,209	280,278
Transfers and Subsidies - Capital	73,784	122,229	91,791	221,003	218,999	218,999	165,533	220,198	231,208	241,612
Payments										
Suppliers and employees	179,406	(35,689)	(181,925)	(244,314)	(388,866)	(388,866)	(147,245)	-	-	-
Finance charges	-	-	-	(545)	(572)	(572)	-	-	-	-
Transfers and subsidies	-	-	(4,089)	-	-	-	(1,234)	-	-	-
Net cash from/(used) operating activities	1,011,960	530,382	404,914	634,193	(74,671)	(74,671)	294,988	835,229	876,990	916,454
Cash flow from investing activities										
Receipts										
Proceeds on disposal of PPE	393	520	446	-	-	-	389	-	-	-
Payments										
Capital assets	(187,328)	(182,022)	(141,961)	(227,026)	(215,712)	(215,712)	(102,554)	(231,198)	(242,758)	(253,682)
Net cash from/(used) investing activities	(186,935)	(181,502)	(141,515)	(227,026)	(215,712)	(215,712)	(102,165)	(231,198)	(242,758)	(253,682)
Cash flow from financing activities										
Receipts										
Borrowing long term/refinancing	-	-	-	5,800	(6,090)	(6,090)	-	-	-	-
Increase (decrease) in consumer deposits	-	112	(166)	-	-	-	(97)	-	-	-
Payments										
Repayment of borrowing	-	(3,943)	(4,327)	(500)	(525)	(525)	(599)	-	-	-
Net cash from/(used) investing activities	-	(3,831)	(4,493)	5,300	(6,615)	(6,615)	(696)	-	-	-
Net Increase/ (Decrease) in cash held	825,025	345,049	258,906	412,467	(296,998)	(296,998)	192,127	604,031	634,232	662,772
Cash/cash equivalents at the year begin:	60,956	30,207	45,517	-	46,918	46,918	93,188	46,918	650,948	1,285,180
Cash/cash equivalents at the year end:	885,981	375,256	304,423	412,467	(250,080)	(250,080)	285,315	650,949	1,285,180	1,947,952

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2022) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled the budget key timelines before Council meeting outlining the key activities to be undertaken with strict timeliness.

2.3 Overview of budget related policies

The municipal budget related policies reviewed are attached.

2.4 List of Tariffs

The municipal budget was compiled using the attached Tariff list.

1.1 Municipal manager’s quality certificate

I, N F Malatjie, Municipal Manager of Setsoto Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Mrs. N F Malatjie

Municipal manager of Setsoto Municipality (FS191)

Signature _____

Date _____