

ANNUAL BUDGET 2022/23

SETSOTO LOCAL MUNICIPALITY



2022/23 TO 2024/25

MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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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. 112 and 115 were used to guide the compilation of the 2022/23 MTREF. The mSCOA version 6.6 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 2022/23 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 2022/23 MTREF:

- The 2021/22 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 2022/23 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 2022, consider approval of the annual budget for the 2022/23 financial year with the following resolutions:

- 1.1. Approving measurable performance objectives for revenue from each source and for each vote in the budget;
- 1.2. Approving any changes to the municipality's integrated development plan;
- 1.3. Approving any changes to the municipality's budget related policies;
- 1.4. That the budget is submitted to both National and provincial Treasury; and
- 1.5. 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 following before approving their implementation;
 - 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

3. The Council of Setsoto Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves the consultation with local community in terms of paragraph 2 above.

In view of the above, the following table is a consolidated overview of the proposed 2022/23 Medium-term Revenue and Expenditure Framework:

1.4 Summary of Operating Revenue and Expenditure

Total operating revenue has grown by 6% or R35 million for the 2022/23 financial year when compared to the 2021/22 Adjustment Budget. For the two outer years, operational revenue will increase by 5% and 5% for 2023/24 and 2024/25 respectively.

Total operating expenditure for the 2022/23 financial year has decreased by 4.6% or R29,88 million and the total amount appropriated is R612.3 million including depreciation of R120.8 million and which translates into a budgeted deficit of R219 thousand (2022 - R65.1 million) excluding capital transfers.

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FS191 Setsoto - Table A1 Budget Summary										
Description	2018/19	2019/20	2020/21	Current Year 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 +1 2023/24
Financial Performance										
Property rates	72,203	64,265	66,418	70,462	70,462	70,462	53,864	73,985	77,683	81,568
Service charges	200,972	219,174	218,662	241,013	241,014	241,014	204,120	258,092	265,711	284,546
Investment revenue	-	4,167	1,850	5,025	5,025	5,025	3,585	3,700	5,540	4,079
Transfers recognised - operational	175,784	393,523	243,876	216,708	216,708	216,708	216,650	238,854	238,915	263,337
Other own revenue	41,879	22,539	17,203	43,191	43,940	43,940	32,572	37,536	47,617	41,383
Total Revenue (excluding capital transfers and contributions)	490,838	703,669	548,009	576,399	577,149	577,149	510,790	612,167	635,466	674,914
Employee costs	160,584	198,907	222,425	250,302	219,521	219,521	180,230	228,323	275,952	251,726
Remuneration of councillors	13,350	15,942	12,967	14,355	13,567	13,567	10,595	12,535	15,826	13,820
Depreciation & asset impairment	1,580	1,822	394,456	120,865	120,865	120,865	-	120,865	133,251	133,254
Finance charges	9,230	7,964	5,579	4,000	4,056	4,056	1,335	1,555	4,410	1,714
Inventory consumed and bulk purchases	72,668	79,866	85,900	96,900	96,900	96,900	77,824	117,320	106,830	114,208
Transfers and grants	28,191	25,120	30,601	4,640	14,776	14,776	16,836	14,776	5,115	16,290
Other expenditure	120,201	182,853	172,966	108,010	172,580	172,580	81,775	117,012	119,079	129,006
Total Expenditure	405,804	512,474	924,894	599,073	642,265	642,265	368,594	612,385	660,462	660,018
Surplus/(Deficit)	85,034	191,194	(376,885)	(22,673)	(65,116)	(65,116)	142,196	(219)	(24,997)	14,896
Transfers and subsidies - capital (monetary allocations) (National/ Provincial and District)	116,964	261,222	158,588	189,617	189,617	189,617	89,255	221,001	209,048	243,654
(monetary allocations) (National/ Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) &	-	-	8,076	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	201,998	452,416	-	166,944	124,501	124,501	231,451	220,782	184,051	258,549
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	201,998	452,416	-	166,944	124,501	124,501	231,451	220,782	184,051	258,549
Capital expenditure & funds sources										
Capital expenditure	47,662	176,846	221,687	204,601	202,915	202,915	87,144	243,689	225,568	248,784
Transfers recognised - capital	44,112	143,227	172,053	189,617	189,617	189,617	77,528	221,001	209,048	241,654
Borrowing	-	-	(2)	7,950	1,471	1,471	211	-	8,765	638
Internally generated funds	2,811	19,718	140	1,765	11,185	11,185	9,056	225	1,946	248
Total sources of capital funds	46,923	162,945	172,192	199,332	202,273	202,273	86,795	221,226	219,759	242,540
Financial position										
Total current assets	462,632	1,330,899	399,844	44,073	18,049	18,049	593,829	895,458	41,215	(14,991)
Total non current assets	1,473,658	3,506,269	2,699,067	83,736	81,978	81,978	2,785,350	2,821,845	92,317	248,784
Total current liabilities	(128,392)	286,782	258,870	-	-	-	312,503	655,064	-	-
Total non current liabilities	84,389	109,951	83,068	-	-	-	82,689	83,068	-	-
Community wealth/Equity	30,745	6,301,179	2,771,688	166,944	124,501	124,501	2,996,656	2,985,247	184,051	258,549
Cash flows										
Net cash from (used) operating	585,077	1,003,119	530,383	436,610	441,700	441,700	380,210	704,327	481,352	775,967
Net cash from (used) investing	(18,492)	(162,341)	(181,502)	(199,332)	(202,273)	(202,273)	(105,089)	(227,026)	(219,759)	(243,296)
Net cash from (used) financing	286	(7)	(3,920)	-	-	-	(3,587)	5,300	-	-
Cash/cash equivalents at the year end	623,196	1,272,911	375,177	237,278	239,428	239,428	317,060	528,119	789,712	1,322,383
Cash backing/surplus reconciliation										
Cash and investments available	165,026	756,110	49,141	(237,037)	(214,735)	(214,735)	136,727	601,025	(261,327)	(11,281)
Application of cash and investments	(349,860)	(387,092)	(89,634)	(24,544)	(23,717)	(23,717)	(242,421)	125,669	(27,059)	-
Balance - surplus (shortfall)	514,886	1,143,202	138,775	(212,493)	(191,018)	(191,018)	379,148	475,356	(234,268)	(11,281)
Asset management										
Asset register summary (WDV)	1,406,725	3,319,896	2,368,001	(105,881)	(107,639)	(107,639)	(107,639)	2,265,278	(116,731)	2,169
Depreciation	1,580	1,804	392,324	120,865	120,865	120,865	120,865	120,865	133,251	133,254
Renewal and Upgrading of Existing Assets	37,348	153,463	149,955	195,986	181,328	181,328	181,328	234,299	216,070	241,430
Repairs and Maintenance	15,307	4,921	7,096	25,255	17,123	17,123	17,123	7,022	27,842	19,869

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 every 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 have to 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

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Description	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
Financial Performance										
Property rates	72,203	64,265	66,418	70,462	70,462	70,462	53,864	73,985	77,683	81,568
Service charges	200,972	219,174	218,662	241,013	241,014	241,014	204,120	258,092	265,711	284,546
Investment revenue	-	4,167	1,850	5,025	5,025	5,025	3,585	3,700	5,540	4,079
Transfers recognised - operational	175,784	393,523	243,876	216,708	216,708	216,708	216,650	238,854	238,915	263,337
Other own revenue	41,879	22,539	17,203	43,191	43,940	43,940	32,572	37,536	47,617	41,383
Total Revenue (excluding capital transfers and contributions)	490,838	703,669	548,009	576,399	577,149	577,149	510,790	612,167	635,466	674,914

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 **54%** of the total revenue mix. In the 2022/23 financial year, revenue from rates and services charges totalled **R332,077 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

Description	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
Financial Performance										
Employee costs	160,584	198,907	222,425	250,302	219,521	219,521	180,230	228,323	275,952	251,726
Remuneration of councillors	13,350	15,942	12,967	14,355	13,567	13,567	10,595	12,535	15,826	13,820
Depreciation & asset impairment	1,580	1,822	394,456	120,865	120,865	120,865	-	120,865	133,251	133,254
Finance charges	9,230	7,964	5,579	4,000	4,056	4,056	1,335	1,555	4,410	1,714
Inventory consumed and bulk purchases	72,668	79,866	85,900	96,900	96,900	96,900	77,824	117,320	106,830	114,208
Transfers and grants	28,191	25,120	30,601	4,640	14,776	14,776	16,836	14,776	5,115	16,290
Other expenditure	120,201	182,853	172,966	108,010	172,580	172,580	81,775	117,012	119,079	129,006
Total Expenditure	405,804	512,474	924,894	599,073	642,265	642,265	368,594	612,385	660,462	660,018

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The budgeted allocation for employee related costs for the 2022/23 financial year totals R228,323 million (excluding Councillor's remuneration) representing a notable increase of 4% when compared to the adjustment budget for the 2021/22 financial year. Filling of critical positions in terms of the approved organisational structure were considered as well as the annual increment based on the ongoing wage negotiations.

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 taken into account in compiling the Municipality's budget.

Provision of debt impairment for the 2022/23 financial year amounts to **R75,064 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 taken into account when compiling the budget.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) that the municipality has with financial institutions namely DBSA, ABSA and Wesbank. However, the municipality has no intention to acquire any new borrowings in the 2022/23 MTREF. The majority of the finance lease/loans will be fully redeemed during the 2022/2023 financial year.

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

Other expenditure decreased with 32% or R55,568 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

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register in terms of the Municipality Indigent Policy. The target is to register 8 000 or more indigent households during the 2022/23 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 2022/23 Medium Term Revenue & Expenditure Framework, using the Division of Revenue Bill of 2021.

Capital Grants	2022/23
	R '000
Municipal Infrastructure Grant (MIG)	53 700
Regional Bulk Infrastructure (RBIG)	150 000
Integrated National Electrification Programme	2 000
Water Service Infrastructure Grant	15 301
TOTAL	221 001

Vote Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
				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	Audited Outcome	Audited Outcome	Audited Outcome							
Capital expenditure - Vote										
Capital Expenditure - Functional										
Governance and administration	711	638	3,248	2,047	1,964	1,964	351	1,096	2,257	1,208
Executive and council	–	22	47	32	1,576	1,576	195	194	36	213
Finance and administration	711	617	3,201	2,015	388	388	156	903	2,221	995
Internal audit	–	–	–	–	–	–	–	–	–	–
Community and public safety	1,768	12,401	16,609	1,980	2,393	2,393	133	6,232	2,183	6,871
Community and social services	1,763	7,053	–	–	40	40	35	50	–	55
Sport and recreation	–	5,283	16,601	800	2,253	2,253	17	1,562	882	1,722
Public safety	–	7	8	1,000	5	5	1	–	1,102	–
Housing	5	57	–	180	95	95	80	4,620	198	5,094
Health	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	2,459	3,111	10,521	135	20	20	17	5,022	149	24
Planning and development	6	14	–	135	20	20	17	22	149	24
Road transport	2,453	3,097	10,521	–	–	–	–	5,000	–	–
Environmental protection	–	–	–	–	–	–	–	–	–	–
Trading services	42,723	160,696	191,309	200,439	198,537	198,537	86,642	231,339	220,979	240,680
Energy sources	11,524	38,144	18,561	11,240	22,220	22,220	9,077	14,493	12,392	3,812
Water management	6,544	95,029	128,996	137,975	157,945	157,945	67,319	214,240	152,114	233,995
Waste water management	22,274	27,459	42,383	49,942	18,340	18,340	10,225	–	55,060	–
Waste management	2,380	64	1,368	1,282	32	32	22	2,606	1,413	2,874
Other	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	47,662	176,846	221,687	204,601	202,915	202,915	87,144	243,689	225,568	248,784

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 on a monthly basis. 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 2022/23 MTREF in May 2021 which will be aligned and informed by the 2022/23 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

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All budget related policies will be 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 decreased with 4.6% from R642 million to R612 million, which is mainly attributed to the decrease in debt impairment due to the low payment rate. In order to determine a realistic and credible budget the following calculation was made:

Total Revenue	R 612.167 million
Less Debt Impairment	R 75.064 million
Available Cash Revenue	<u>R 537.103</u> million
Total Expenditure	R 612.385 million
Less Debt Impairment	R 75.064 million
Less Depreciation	R 120.865 million
Cash Expenditure	<u>R 416.456</u> million
Surplus	<u>R 120.647</u> million

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

Table 10 – Summary of Operating Revenue and Expenditure cash flow

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FS191 Setsoto - Table A7 Budgeted Cash Flows										
Description	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	134,456	257,859	126,121	-	-	-	175,158	118,186	-	81,568
Service charges	95,662	102,581	105,958	26,974	31,301	31,301	104,965	344,391	29,738	184,738
Other revenue	3,189	4,568	3,956	3,612	4,375	4,375	6,141	40,150	3,982	2,670
Transfers and Subsidies - Operational	175,516	393,623	207,807	216,408	216,408	216,408	183,654	351,490	238,584	263,337
Transfers and Subsidies - Capital	25,898	73,784	122,229	189,617	189,617	189,617	81,749	221,003	209,048	243,654
Interest	-	-	-	-	-	-	2,175	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees	150,357	170,703	(35,689)	-	-	-	(173,631)	(370,349)	-	-
Finance charges	-	-	-	-	-	-	-	(545)	-	-
Transfers and Grants	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	585,077	1,003,119	530,383	436,610	441,700	441,700	380,210	704,327	481,352	775,967
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	1,535	393	520	-	-	-	350	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-
Payments										
Capital assets	(20,027)	(162,734)	(182,022)	(199,332)	(202,273)	(202,273)	(105,439)	(227,026)	(219,759)	(243,296)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(18,492)	(162,341)	(181,502)	(199,332)	(202,273)	(202,273)	(105,089)	(227,026)	(219,759)	(243,296)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	5,800	-	-
Increase (decrease) in consumer deposits	286	(7)	22	-	-	-	12	-	-	-
Payments										
Repayment of borrowing	-	-	(3,943)	-	-	-	(3,599)	(500)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	286	(7)	(3,920)	-	-	-	(3,587)	5,300	-	-
NET INCREASE/(DECREASE) IN CASH HELD	566,871	840,771	344,960	237,278	239,428	239,428	271,534	482,601	261,593	532,670
Cash/cash equivalents at the year begin:	56,325	432,140	30,217	-	-	-	45,526	45,518	528,119	789,712
Cash/cash equivalents at the year end:	623,196	1,272,911	375,177	237,278	239,428	239,428	317,060	528,119	789,712	1,322,383

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 2021) 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 will be reviewed as part of community consultation.

2.4 List of Tariffs

The municipal budget was compiled using the attached Tariff list.

1.1 Municipal manager’s quality certificate

I, S T R Ramakarane, 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 S T R RAMAKARANE

Municipal manager of Setsoto Municipality (FS191)

Signature _____

Date _____