

ANNUAL BUDGET 2024/25

SETSOTO LOCAL MUNICIPALITY



2024/25 TO 2026/27

MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

TABLE OF CONTENTS

PART 1: ANNUAL BUDGET	5
1.1 MAYOR’S REPORT	5
1.2 EXECUTIVE SUMMARY	5
1.3 RECOMMENDATION	6
1.4 SUMMARY OF OPERATING REVENUE AND EXPENDITURE	7
1.5 OPERATING REVENUE FRAMEWORK	9
1.6 SUMMARY OF OPERATING REVENUE BY SOURCE	9
1.7 SUMMARY OF OPERATING EXPENDITURE BY STANDARD CLASSIFICATION ITEM	11
1.7.1 FREE BASIC SERVICES: BASIC SOCIAL SERVICES PACKAGE	12
1.8 CAPITAL EXPENDITURE	12
1.9 LEGISLATION COMPLIANCE STATUS	14
1.10 FUNDING CREDIBILITY ON CASH FLOW	15
1.11 MUNICIPAL MANAGER’S QUALITY CERTIFICATE	17
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	16
2.3 OVERVIEW OF BUDGET RELATED-POLICIES	16
2.4 LIST OF TARIFFS	16

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

Setsoto Local Municipality – Annual Budget & MTREF 2024/25

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. 126 and 128 were used to guide the compilation of the 2024/25 MTREF. The mSCOA version 6.8 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 2024/25 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;

Setsoto Local Municipality – Annual Budget & MTREF 2024/25

- 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 2024/25 MTREF:

- The 2023/24 Adjustments Budget priorities and targets, as well as the baseline allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2024/25 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 March 2024, consider the tabling of the annual budget for the 2024/25 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

Setsoto Local Municipality – Annual Budget & MTREF 2024/25

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 tabling 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

3. The Council of Setsoto Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) allow the Accounting Officer to:
 - 3.1. Make public the annual budget together with its documentation;
 - 3.2. Invite the local community to submit representations in connection with the budget;
 - 3.3 Submit the annual budget to National and Provincial Treasury and other sector departments affected by the budget.

In view of the above, the following table is a consolidated overview of the proposed 2024/25 Medium-Term Revenue and Expenditure Framework:

1.4 Summary of Operating Revenue and Expenditure

Total operating revenue has grown by 10% or R71.7 million to R765.5 million for the 2024/25 financial year when compared to the 2023/24 Adjustment Budget. For the two outer years, operational revenue will increase by 5% and 5% for 2025/26 and 2026/27 respectively.

Total operating expenditure for the 2024/25 financial year increased by 10.8% or R90.6 million and the total amount appropriated is R925.7 million including depreciation and amortisation of R162.8 million and which translates into a budgeted deficit of R160.2 million excluding capital transfers.

Setsoto Local Municipality – Annual Budget & MTREF 2024/25

A detailed information is given under table “A1 Budgeted Summary”.

Setsoto Local Municipality - Table A1 Budgeted Summary

Description	Ref	2020/21			2021/22			2022/23			Current year 2023/24			2024/25 Medium term revenue and expenditure framework		
		Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full year forecast	Pre-Audited outcome	Budget year 2024/25	Budget year +1 2025/26	Budget year +2 2026/27					
Financial performance																
Property rates		66,418	64,828	68,402	76,749	81,749	81,749	69,293	85,836	90,128	94,634					
Service charges		218,662	244,759	256,571	273,867	279,345	279,345	239,465	304,406	319,627	335,608					
Investment revenue		1,850	4,772	9,597	3,500	10,909	10,909	10,795	11,454	12,027	12,628					
Transfer and subsidies - Operational		243,876	216,782	239,156	255,437	255,457	255,457	254,238	270,624	284,155	298,363					
Other own revenue		17,136	41,180	63,694	49,012	66,295	66,295	52,026	93,180	97,839	102,729					
Total revenue (excluding capital transfers and contributions)		547,942	572,321	637,420	658,565	693,755	693,755	625,817	765,500	803,776	843,962					
Total expenditure																
Employee costs		222,426	215,404	219,912	235,005	238,874	238,874	198,336	267,542	280,923	294,972					
Remuneration of councillors		12,967	12,871	14,072	14,641	15,491	15,491	12,517	16,158	16,966	17,814					
Depreciation and amortisation		394,456	-	199,913	110,734	170,632	170,632	140,555	162,863	171,006	179,557					
Finance charges		5,579	2,061	3,397	2,502	1,349	1,349	74	2,550	2,678	2,811					
Inventory consumed and bulk purchases		94,539	111,120	100,070	149,480	146,942	146,942	95,231	185,635	194,917	204,664					
Transfers and subsidies		30,601	22,699	42,271	38,951	30,610	30,610	26,702	32,159	33,767	35,456					
Other expenditure		172,964	167,100	180,262	110,273	231,146	231,146	123,181	258,824	271,767	285,357					
Total expenditure		933,532	531,255	759,897	661,586	835,044	835,044	596,596	925,731	972,024	1,020,631					
Surplus/(Deficit)		(385,590)	41,066	(122,477)	(3,021)	(141,289)	(141,289)	29,221	(160,231)	(168,248)	(176,669)					
Transfers and subsidies - capital (monetary allocations)		158,588	97,385	208,901	220,198	220,198	220,198	48,456	218,681	229,615	241,096					
Transfers and subsidies - capital (in-kind)		8,076	-	69	-	-	-	-	-	-	-					
Surplus/(Deficit) after capital transfers and contributions		(218,926)	138,451	86,493	217,177	78,909	78,909	77,677	58,450	61,367	64,427					
Intercompany/Parent subsidiary transactions		67	68	-	65	50	50	58	-	-	-					
Surplus/(Deficit) for the year		(218,993)	138,519	86,493	217,242	78,959	78,959	77,735	58,450	61,367	64,427					
Capital expenditure and funds sources																
Capital expenditure		221,686	120,355	345,687	234,993	203,516	203,516	165,232	231,766	243,354	255,523					

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);
- 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 (Table A4 Budgeted Financial Performance)

Setsoto Local Municipality – Annual Budget & MTREF 2024/25

Setsoto Local Municipality - Table A4 Budgeted Financial Performance (Revenue and Expenditure)

Description	Ref	2020/21	2021/22	2022/23	Current year 2023/24			2024/25 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 2024/25	Budget year +1 2025/26	Budget year +2 2026/27
Revenue											
Exchange revenue											
Service charges - Electricity		87,999	93,535	90,044	109,264	111,449	111,449	86,005	128,116	134,522	141,248
Service charges - Water		60,995	65,672	75,111	70,092	71,494	71,494	72,179	75,069	78,822	82,763
Service charges - Waste water management		35,033	37,169	39,628	40,258	41,063	41,063	35,332	43,116	45,272	47,536
Service charges - Waste management		34,635	48,383	51,788	54,253	55,339	55,339	45,949	58,105	61,011	64,061
Sale of goods and rendering of services		2,223	1,985	2,541	1,765	2,040	2,040	1,571	2,142	2,249	2,361
Interest earned from receivables		28,914	34,106	43,166	40,000	55,647	55,647	47,973	50,000	52,500	55,125
Interest earned from current and non current assets		1,850	4,772	9,597	3,500	10,909	10,909	10,795	11,454	12,027	12,628
Dividends		47	55	77	80	81	81	81	85	89	94
Rent on land		1,289	1,905	1,879	1,201	1,670	1,670	1,414	1,754	1,841	1,933
Rental from fixed assets		59	121	90	75	109	109	88	114	120	126
Operational revenue		2,161	601	6,887	375	536	536	393	563	591	620
		255,205	288,304	320,808	320,863	350,337	350,337	301,780	370,518	389,044	408,495
Non-exchange revenue											
Property rates		66,418	64,828	68,402	76,749	81,749	81,749	69,293	85,836	90,128	94,634
Fines, penalties and forfeits		1,105	463	644	10	300	300	180	315	331	347
Licences or permits		70	51	27	6	126	126	89	132	139	146
Transfer and subsidies - Operational		243,876	216,782	239,156	255,437	255,457	255,457	254,238	270,624	284,155	298,363
Interest		-	194	5,866	-	-	-	-	-	-	-
Operational revenue		-	1,221	1,380	5,500	5,610	5,610	-	5,891	6,185	6,494
Gains on disposal of assets		(18,732)	478	850	-	176	176	237	184	194	203
Other gains		-	-	287	-	-	-	-	32,000	33,600	35,280
		292,737	284,017	316,612	337,702	343,418	343,418	324,037	394,982	414,732	435,467
Total Revenue (excluding capital transfers and contributions)		547,942	572,321	637,420	658,565	693,755	693,755	625,817	765,500	803,776	843,962

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 **51%** of the total operating revenue mix. In the above table revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality have been considered 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 5%.

Setsoto Local Municipality – Annual Budget & MTREF 2024/25

1.7 Summary of operating expenditure by standard classification item Table 8 Summary of operating expenditure by standard classification item (Table A4 Budgeted Financial Performance)

Setsoto Local Municipality - Table A4 Budgeted Financial Performance (Revenue and Expenditure)

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue and Expenditure Framework			
		Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full year forecast	Pre-Audited outcome	Budget year 2024/25	Budget year +1 2025/26	Budget year +2 2026/27
Expenditure											
Employee related costs		222,426	215,404	219,912	235,005	238,874	238,874	198,336	267,542	280,923	294,972
Remuneration of councillors		12,967	12,871	14,072	14,641	15,491	15,491	12,517	16,158	16,966	17,814
Bulk purchases - electricity		79,631	92,583	90,974	123,272	121,198	121,198	84,530	139,377	146,346	153,664
Inventory consumed		14,908	18,537	9,096	26,208	25,744	25,744	10,701	46,258	48,571	51,000
Debt impairment		76,736	-	19,537	32,469	53,469	53,469	-	93,089	97,744	102,631
Depreciation and amortisation		394,456	-	199,913	110,734	170,632	170,632	140,555	162,863	171,006	179,557
Interest		5,579	2,061	3,397	2,502	1,349	1,349	74	2,550	2,678	2,811
Contracted services		17,577	24,898	33,414	26,359	32,436	32,436	24,692	35,658	37,442	39,314
Transfers and subsidies		30,601	22,699	42,271	38,951	30,610	30,610	26,702	32,159	33,767	35,456
Irrecoverable debts written off		51,192	113,924	81,642	20,182	85,433	85,433	58,098	58,000	60,900	63,945
Operational costs		27,417	28,278	45,669	31,263	59,808	59,808	40,391	72,077	75,681	79,467
Losses on disposal of Assets		42	-	-	-	-	-	-	-	-	-
Total expenditure		933,532	531,255	759,897	661,586	835,044	835,044	596,596	925,731	972,024	1,020,631
(Deficit)/Surplus		(385,590)	41,066	(122,477)	(3,021)	(141,289)	(141,289)	29,221	(160,231)	(168,248)	(176,669)
Transfers and subsidies - capital (monetary allocations)		158,588	97,385	208,901	220,198	220,198	220,198	48,456	218,681	229,615	241,096
Transfers and subsidies - capital (in-kind)		8,076	-	69	-	-	-	-	-	-	-
(Deficit)/Surplus after capital transfers and contributions		(218,926)	138,451	86,493	217,177	78,909	78,909	77,677	58,450	61,367	64,427
Intercompany/Parent subsidiary transactions		67	68	-	65	50	50	58	-	-	-
(Deficit)/Surplus for the year		(218,859)	138,519	86,493	217,242	78,959	78,959	77,735	58,450	61,367	64,427

The budgeted allocation for employee related costs for the 2024/25 financial year totals R267.5 million (excluding Councillor's remuneration of R16.1 million).

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 2024/25 financial year amounts to **R93 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.

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 10% or R90.6 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 more indigent households during the 2024/25 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 2024/25 Medium Term Revenue & Expenditure Framework, using the Division of Revenue Bill of 2024.

Setsoto Local Municipality – Annual Budget & MTREF 2024/25

GRANT	2024-25	2025-26	2026-27
Municipal Infrastructure Grant (MIG)	54 722	57 323	62 163
Integrated National Electrification Programme Grant (INEG)	-	5 280	4 770
Regional Bulk Infrastructure Grant (RBIG)	143 951	70 000	34 222
Water Service Infrastructure Grant (WSIG)	20 008	25 540	27 890
TOTAL	218 681	158 143	129 045

Setsoto Local Municipality - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2020/21	2021/22	2022/23	Current year 2023/24			2024/25 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 2024/25	Budget year +1 2025/26	Budget year +2 2026/27
Capital expenditure - Functional											
Governance and administration											
Executive and council		47	68	1,174	-	187	187	53	-	-	-
Finance and administration		3,201	734	1,230	-	1,408	1,408	1,392	485	509	535
		3,248	802	2,404	-	1,595	1,595	1,445	485	509	535
Community and public safety											
Community and social services		-	42	-	-	60	60	62	-	-	-
Sport and recreation		16,601	19	-	11,000	1,103	1,103	182	1,306	1,371	1,440
Public safety		8	20	30	-	-	-	-	-	-	-
Housing		-	99	11	-	-	-	-	-	-	-
		16,609	180	41	11,000	1,163	1,163	244	1,306	1,371	1,440
Economic and environmental services											
Planning and development		-	17	-	-	47	47	-	-	-	-
Road transport		10,521	-	2,855	5,000	44,993	44,993	21,843	47,485	49,859	52,352
		10,521	17	2,855	5,000	45,040	45,040	21,843	47,485	49,859	52,352
Trading services											
Energy sources		18,561	10,144	38,380	11,775	7,422	7,422	1,414	11,481	12,055	12,658
Water management		128,996	96,568	289,547	184,173	114,102	114,102	111,834	57,951	60,849	63,891
Waste water management		42,383	12,622	12,438	12,025	34,148	34,148	28,441	110,008	115,508	121,284
Waste management		1,368	22	22	11,020	46	46	11	3,050	3,203	3,363
		191,308	119,356	340,387	218,993	155,718	155,718	141,700	182,490	191,615	201,196
Total Capital expenditure - Functional		221,686	120,355	345,687	234,993	203,516	203,516	165,232	231,766	243,354	255,523
Funded by:											
National government		172,053	110,225	300,312	220,198	179,221	179,221	159,871	218,681	229,615	241,096
Borrowing		(2)	75	4,444	14,775	16,033	16,033	2,140	5,300	5,565	5,843
Internally generated funds		140	9,183	225	-	8,249	8,249	510	7,785	8,174	8,583
		138	9,258	4,669	14,775	24,282	24,282	2,650	13,085	13,739	14,426
Total capital funding		172,191	119,483	304,981	234,973	203,503	203,503	162,521	231,766	243,354	255,522

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 2024/25 MTREF in May 2024 which will be aligned and informed by the 2024/25 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

Setsoto Local Municipality – Annual Budget & MTREF 2024/25

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.

In order to determine a realistic and credible budget the following calculation was made:

Total Revenue	R 765.501 million
Less Debt Impairment	R 93.089 million
Available Cash Revenue	<u>R 672.412</u> million
Total Expenditure	R 925.732 million
Less Debt Impairment	R 93.089 million
Less Depreciation	R 162.863 million
Cash Expenditure	<u>R 669.780</u> million
Surplus	<u>R 2.632</u> million

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

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 2023) 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, 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 _____