

Letsemeng Local Municipality



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2022-23

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PART 1

1.1 Mayor's Report

Honourable Speaker, Honourable Councillors, Senior Managers of Letsemeng Local Municipality administration and distinguished community members, it is my honour and privilege to extend my heartfelt appreciation to you all, and to honour this invitation where I am presenting the IDP and Budget of Letsemeng Local Municipality.

I am delivering the **2022/23 IDP and Budget of Letsemeng Local Municipality** at a time when South Africans celebrated youth day to commemorate the Soweto uprising which took place on **16th June 1976**, where thousands of students were ambushed and killed by the apartheid regime. Since this democratic dispensation youth day has been remembered, commemorated and memorised as a public history and there has been different ways and forms through which **June 16 1976** student uprisings have been commemorated.

I would also like to applaud Free State Province Premier, Honourable Sisi Ntombela who in her recent State of the Province Address (**SOPA**), outlined that and I quote: - "We are eager to transform the Free State to be the growth frontier of the Country post the Covid-19 pandemic when many people lost their jobs, as the pandemic battered an economy that was already on its knees. This is time to change and as government we invited investors to explore the different parts of the Free State to establish successful businesses which will increase the rate of economic growth to create much needed jobs" close quote.

As the Mayor of Letsemeng Local Municipality I heartily welcome the act of solidarity by various stakeholders who attended an initiative of a vigorous and meaningful impact stakeholder community consultation, where we engaged fruitfully on how to enhance working together to build better communities. To mention a few; I would like to applaud farmers, NGO's, SMME's, Business Sectors, Various governmental departments and community members at large who attended these community consultative meetings.

The intended purpose was to solicit meaningful inputs that will impact positively on the municipal developments planning of all communities in Letsemeng. As the municipality

we have a responsibility to ensure that we provide quality and affordable services to our communities in a sustainable manner. We have to put in place control systems, policies, administrative and governance structures that will help and ensure that we continue to work hard in realizing service delivery constitutional mandate.

There are projects that were outlined by members of the community and various stakeholders that need the attention of Provincial and National Governments intervention, and I therefore endeavour to engage various MEC's requesting funding assistance to be able to roll-out critical projects outlined by you. We have taken note of the requests from our residents on the development of a Clinic, Police Station and Retail stores in places like Phambilli and Oppermansgronde and these towns remain a priority due to lack of prolonged developments in these places, emanating from the previous historical background.

I have embarked on a weekly Mayoral Campaign program that also needs the support of community members and quite frankly, this campaign secure a meaningful contribution as our localities continue remaining clean all the time.

The successful completion of the Waste Water Sewer plant in Jacobsdal will contribute towards service delivery

The municipality is faced with a number of service delivery challenges that inter-alia include, poor revenue collection, more service delivery needs vis-à-vis the available limited resources, vandalism and theft of municipal electricity cable and other social ills and crime. Even this week communities, businesses were heavily affected by this cable theft where there was electricity interruption which as we know is even exacerbated by the ongoing load shedding

Therefore, this IDP is geared towards addressing all this challenges and we call all community members to work with the municipality to address these matters because all these social ills impact negatively on revenue collection of the municipality reversing all the gains as the municipality is losing money to replace cables and vandalised properties.

Very soon the municipality will embark on a strategic planning session to address the staff establishment in terms of the **Municipal Staff Regulation 2021**, to can be able

to fill critical funded positions without bloating the organizational structure. But before securing a date for strategic planning session, the municipality will first fill senior managers' vacant positions of both Director Corporate and Community Services.

To address poor revenue collection base, the municipality will embark on a robust revenue enhancement process and I also urge the public to visit municipal offices more often to enquire about the status of their municipal accounts, and those who qualify as indigents to please come register in the indigent register of the municipality. The municipality aims to improve its level of service provision and sustain it accordingly but we can only be successful in doing this, if the end user pay for services rendered to them.

An average collection rate of **51%** was made for the last **eleven (11)** months of the current financial year. For the financial year 2022/23 we anticipate a collection rate of **70%** and the following amendments will be applied:-

❖ **Tariff increases**

As a requirement from National Treasury, our budget is based on the concept of balanced budget, Municipalities are not supposed to budget for a deficit, in order to mitigate against this issue a funding plan need to be submitted to both National and Provincial Treasury

❖ **Property rates**

Property rates tariffs for other properties will increase by **6%**. Municipality will be implementing a new valuation roll in the next financial year 2022-23 in line with the provisions of Municipal Property rates act.

❖ **Electricity**

Municipality has applied for **7.47%** tariff increase in line with the guidelines as issued by National Energy Regulator of South Africa

❖ **Service charges**

The tariffs for Water, Sanitation and Refuse will increase by an average of **4.8%**.

OVERVIEW OF THE BUDGET

Our total budget for revenue is **R201 million**

The municipality will receive Operating Grants (Equitable share; Municipal Finance Management Grant, Energy Efficiency and Demand-Side Management Grant and Expanded Public Works Program Grant) to the value R90.8 million.

Our total expenditure budget is **R248 million** including non-cash items of **R77 million**. The expenditure allocations are as follows:

- Employee related costs is budgeted at **R73 million**.
- Remuneration of Councillors **R5 million** this is based on the CPI (Consumer price index) as per the budget circular 115 while the municipality is awaiting the upper limits to be provided in the relevant legislation.
- Repairs and maintenance are budgeted at **R5.6 million**.
- Bulk Purchases for water and electricity are budgeted at **R5 million** and **R35 million** respectively

Our total Capital budget is **R57.5 million**, and the following are the identified projects:

- Koffiefontein: Upgrading of existing Waste Disposal Site (MIS:207907) **R3.4 million**
- Koffiefontein/Sonwabile: Upgrading of sports facility (Phase 2) (MIS:249754) **R850 000**
- Luckhoff: Closure of existing solid waste site and construction of a new solid waste facility (MIS:285464) **R5.8 million**
- Petrusburg/Bolokanang: Upgrading of 1.72km access paved road and storm water (MIS:412513) **R6.6 million**
- Replacing Jacobsdal small-bore sewer system with conventional gravity sewers **R1.2 million**
- Koffiefontein and Ditlhake bulk water storage (4.9ML Reservoir) **R20 million**
- Electrification of 1000 Households Connections I Bolokanang Ext 7/ Petrusburg **R18.5 million**
- Project Management Unit **R950 950**

NB! In the light of the above, I therefore urge households who can afford to pay to please pay their municipal accounts.

To curb unemployment rate amongst youth, the municipality had entered into a service level agreement with other businesses and government departments to roll-out learnerships programmes for undergraduates and graduates within our towns. Currently there are **four (4)** graduates at the courtesy of Bank-Seta that the municipality is assisting to acquire experiential training for a **one (1)** year period and **six (6)** Financial Interns at the courtesy of Provincial Treasury.

I would also like to encourage students who wish to further their studies at Tertiary Institutions to please submit their applications for admission on time for them to be able to apply for **NSFAS** and **FUNDZA LUSHAKA** financial assistance. The municipality can only assist indigent students who are from disadvantaged family backgrounds on its tight funding budget for registration assistance at **Koffiefontein Motheo Satellite TVET College**. I also urge students admitted at Tertiary institutions to please consider studying critical and scarce skills courses to be able to secure employment in various sectors.

I also make calls for the business community to make a serious efforts towards absorbing young people in their numbers in the fight against poverty. The priority is the masses of young people, women and persons living with disability, I want to see them thriving and being successful, to create opportunities and instil a sense of value and responsibilities in them.

The municipality will continue to speed up implementation of the municipal objectives and commitments through the IDP and Budget. Public Participation and consultation will form the cornerstone of the municipal's vision and mission, hence we call all stakeholders joint effort towards improving the lives of our people.

The recent IDP/ Budget stakeholder consultations have allowed us to revive and improve the working relations with all our key stakeholders so that we can all work towards achieving our developmental objectives. Working together with our strategic partners we shall pull all resources in joint initiative to stimulate local economic development (**LED**).

The Economic Development, Planning and Finance directorates have been directed to facilitate the process of soliciting investors and potential Public Private Partnerships (**PPP**) that will make a meaningful impact in our municipality.

Over the next (**five**) **5** years this administration will actively pursue high impact catalytic developmental projects that will not only create employment opportunities but also ensure that our residents participate in ownership and management structures of development initiatives in our areas.

Together with the Council, we have started engagements with the potential investors that will implement high impactful projects.

Some of the catalytic projects includes the following:

1. Acquisition of the Jacobsdal Winery for possible revival and to explore the development of alternative job creation projects on the property.
 - Discussions in this regard have already commenced wherein the municipality has started engagements with the key stakeholders around the project and the provincial government.
2. Xhariep Export Programme (XEP) – this includes a number of Public Private Partnership Projects that are coming to our areas, which will mostly rely on infrastructure development on water and land, and this will result in Primary and Secondary agricultural production full value chain industries.
 - The municipality has already started engaging the owners and partners of this project wherein we have made a commitment to participate fully in their various compliance applications with the relevant sector departments in our province.
3. Establishment of a Brickmaking Factory and Crusher Plant in Koffiefontein
 - An SLP proposed project that is funded by Petra Mine, we have started the engagements with the mine to can handover this project to community within the next 6 Months. The municipality has already identified a suitable site that will accommodate this project.
4. Complete Value Chain Piggery Export Project earmarked for Luckhoff and Petrusburg.

5. Support and Development of Agro Processing initiatives in Oppermansgronde and Petrusburg

Our discussions with these investors focused on the following key focus areas that will bring impactful benefit to our residents:

1. Increasing the Revenue sources for the Municipality
2. Agricultural Expansion (agriculture being the resource in abundance)
3. Transformation and Equitable Share by Black People in the Local Economy of Letsemeng
4. **1(one)** Hectar Agricultural Training site
5. Driver Training programme for High School kids

When all these bear fruits, thousands of jobs will be created in our municipality and key to these is that our residents will be active participants in ownership and management structures of these projects.

We appeal to our residents to safeguard and protect all these initiatives so as to encourage other investors and developers to come into our areas.

Job creation, reducing poverty and fighting crime will continue to form part of the municipality's programmes and we are working hard to succeed in solving major challenges faced by our communities. Together moving Letsemeng forward.

I would like to extend my gratitude to my children who granted me an opportunity to devote time in rolling out this IDP and Budget community engagement throughout all Letsemeng towns, my family and friends who supported me throughout this journey and still continue supporting to date,

A special word of gratitude and appreciation to my Honourable Councillors for their unwavering support, the Municipal Manager for his continued expert advice, Senior Management, Chief Financial Officer and his staff, IDP Staff, my office staff and the entire municipal employees. Honourable Speaker I hereby present to you the 2022/23 reviewed IDP and Budget for deliberations and recommendations as outlined in the attached agenda

I thank you, baie dankie, kea leboga bagaetsho!

Budget summary

CAPITAL BUDGET

Capital Budget is funded from the following sources

- MIG – Municipal Infrastructure Grant = R19 019 000

Project	Amount
Koffiefontein: Upgrading of existing Waste Disposal Site (MIS:207907)	3;488;781.63
Koffiefontein/Sonwabile: Upgrading of sports facility (Phase 2) (MIS:249754)	850 000
Luckhoff: Closure of existing solid waste site and construction of a new solid waste facility (MIS:285464)	5;831;744.87
Petrusburg/Bolokanang: Upgrading of 1.72km access paved road and storm water (MIS:412513)	6;643;508.95
Replacing Jacobsdal small-bore sewer system with conventional gravity sewers	1;254;014.55
	16,999,300
<u>PMU</u>	<u>950;950.00</u>
<u>Total grant</u>	<u>19,019,000</u>

- WSIG – Water Services Infrastructure Grant = R20 000 000

Details	Amount
Koffiefontein and Dithake bulk water storage (4.9ML Reservoir)	20 000 000

- INEP – Integrated National Electrification program = R18 500 000

Project	Amount
Electrification of 1000 Households Connections I Bolokanang Ext 7/ Petrusburg	18 500 000
Total	18 500 000

- Capital expenditure from Internally generated funds = R375 715

Total Capital Budget for 2022/2023 amounts to R R57 million

OPERATING GRANTS TO BE RECEIVED

Equitable Shares – R79 million
Financial Management Grant – R3 million
Expanded Public Works program – R1 million
Energy Efficiency and Demand-Side Management Grant

Council has decided that it is going to increase tariffs as follows:

- Water 4.8%
- Sewerage 4.8%
- Refuse 4.8%
- Property rates 6%
- Electricity 7.47%

1.2. RESOLUTIONS

To be included once the council has approved the budget.

1.3. EXECUTIVE SUMMARY

This section provides an overview of the Letsemeng Local Municipality's 2022-23 to 2024-25 Medium Term Revenue and Expenditure Framework. It includes an assessment of how the budget links with the national and provincial government contexts along with a review of the fiscal position of municipality.

The Municipality's budget must be seen within the context of the policies and financial priorities of national, provincial and district government. In essence, the spheres of Government are partners in meeting the service delivery challenges faced by Letsemeng Local Municipality. The municipality alone cannot meet these challenges. It requires support from the other spheres of Government through the direct allocation of resources, both financial and non-financial as well as the achievement of their own policies.

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

- (a) Budgeting for a funded and credible annual budget compared to a balanced budget;
- (b) 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;
- (c) Tariffs on services and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, also as per

guideline of Circular 115 except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity;

- (d) 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.

Total operating revenue amount to **R201 215 000** it has increased with R21 355 000 from financial year 2021-22 adjustment budget of **R 179 860 000**. Operating revenue comprises of service charges, property rates and other revenue. We anticipate to collect 100% on prepaid electricity, 70% on property rates, 70% on water services, refuse and sanitation services.

Property rates amount to **R 25 153 000** to **R 26 032 000**, electricity increased from **R 28 405 000** to **R 29 768 000**, water increased from **R 13 627 000** to **R 14 072 000**, waste water management increased from **R 11 074 000** to **R11 605 000** and waste management increased from **R 11 047 000** to **R 11 577 000**. All of the service charges were increased with an average inflation rate of 4.8%. Other revenue consist of administration costs, objection costs, photocopies costs and clearance certificate. Municipality is still awaiting NERSA tariff approval for electricity, we have however budgeted for an increase of 7.47% on electricity tariffs in line with NERSA proposal.

Total operating expenditure amount to **R 248 951 000** it has increased with **R18 930 000** from financial year 2021-22 adjustment budget of **R230 021 000**. Total operating expenditure for the 2022-23 financial year translates into a budgeted deficit of **(R47 376 000, excluding capital grants)** which includes the non-cash items amounting to **R77 560 000. When non-cash items are removed, the budget of the municipality is on a surplus.** The operating expenditure consist of employee related costs, remuneration of Councillors, bulk purchases, contracted services and other expenditure. Employee related costs increased from **R 70 430 000** to **R 73 053 000**. Remuneration of Councillors is increased from **R4 828 000** to **R 5 167 000** the increase is based on the CPIX of 4.8%. Bulk purchases was increased from **R34 000 000** to **R 35 187 000**. Contracted services increased from **R 15 683 000** to **R 22 423 000**, it comprises of EPWP job creation, supplementary valuation roll, Insurance for municipal assets, maintenance of electricity infrastructure, employee wellness, rental of photocopies machines, telephones and network, maintenance of financial system(Mscoa compliant) and compilation of annual financial statements. Other expenditure increased from **R 17 171 000** to **R 18 195 000**. Other expenditure consist of human capital development, waste water and water chemicals, accommodation, audit fees, printing and stationery, legal expenses provision for disaster management, office furniture and etc.

As per requirement from National treasury we are expected to budget for non-cash items i.e. Debt Impairment **R26 200 000** and Depreciation and Asset Impairment of **R 51 360 095**, as per circular 115 of MFMA depreciation needs to be funded.

1.3. ANNUAL BUDGET TABLES

Below are the annual tables as per the requirements of Municipal Budget and Reporting Regulations:

- a) Table A1: Budgeted Summary
- b) Table A2: Budget Financial Performance (revenue & expenditure by standard
1. classification)
- c) Table A3: Budget Financial Performance (revenue & expenditure by municipal
vote)
- d) Table A4: Budget Financial Performance (revenue & expenditure)
- e) Table A5: Budgeted Capital Expenditure by vote, standard classification and
funding
- f) Table A6: Budget Financial Position
- g) Table A7: Budget Cash Flow
- h) Table A8: Cash backed reserves
- i) Table A9: Asset Management
- j) Table A10: Basic service delivery measurement

FS161 Letsemeng - Table A1 Budget Summary

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
R thousands										
Financial Performance										
Property rates	19,994	28,678	28,398	24,421	25,153	25,153	27,256	26,032	27,178	28,401
Service charges	44,785	46,470	63,249	61,260	64,153	64,153	62,878	67,023	69,972	73,120
Investment revenue	151	101	380	423	254	254	(15,885)	266	277	290
Transfers recognised - operational	83,996	81,566	106,779	74,281	74,281	74,281	63,764	90,897	94,046	100,680
Other own revenue	28,101	19,542	22,847	9,950	16,018	16,018	27,357	16,997	17,745	18,543
Total Revenue (excluding capital transfers and contributions)	177,027	176,358	221,651	170,335	179,860	179,860	165,370	201,215	209,218	221,034
Employee costs	53,698	54,390	59,857	70,205	70,430	70,430	62,839	73,053	76,267	79,699
Remuneration of councillors	3,991	4,200	4,217	4,828	4,828	4,828	4,329	5,167	5,395	5,638
Depreciation & asset impairment	46,072	53,537	15,841	48,978	48,978	48,978	20	51,360	53,620	56,033
Finance charges	1,816	2,513	7,872	4,000	6,280	6,280	5,586	6,770	7,068	7,386
Inventory consumed and bulk purchases	37,355	32,009	33,814	38,686	40,771	40,771	31,771	45,423	47,595	49,691
Transfers and grants	—	—	—	880	880	880	—	—	—	—
Other expenditure	180,531	68,008	108,851	50,645	57,854	57,854	36,269	66,818	67,114	70,944
Total Expenditure	323,463	214,658	230,451	218,222	230,021	230,021	140,815	248,591	257,059	269,391
Surplus/(Deficit)	(146,435)	(38,301)	(8,800)	(47,887)	(50,161)	(50,161)	24,555	(47,376)	(47,842)	(48,357)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	12,771	21,356	32,423	49,308	49,308	49,308	—	57,519	49,018	51,052
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	—	—	—	147	147	147	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(133,664)	(16,944)	23,623	1,568	(706)	(706)	24,555	10,143	1,176	2,695
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(133,664)	(16,944)	23,623	1,568	(706)	(706)	24,555	10,143	1,176	2,695
Capital expenditure & funds sources										
Capital expenditure	1,388,458	1,398,059	1,433,796	51,283	51,243	51,243	—	61,944	56,169	58,533
Transfers recognised - capital	54,077	83,360	129,793	48,413	48,413	48,413	—	61,568	55,776	58,122
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	1,334,381	1,314,699	1,304,003	2,870	2,830	2,830	—	376	393	410
Total sources of capital funds	1,388,458	1,398,059	1,433,796	51,283	51,243	51,243	—	61,944	56,169	58,533
Financial position										
Total current assets	69,032	131,561	164,003	114,541	96,865	96,865	214,793	99,995	94,839	100,498
Total non current assets	805,685	781,177	777,859	132,599	132,559	132,559	2,336,633	844,286	872,934	912,052
Total current liabilities	156,590	207,925	235,288	123,958	104,328	104,328	(281,506)	267,019	279,921	291,715
Total non current liabilities	6,578	4,205	7,216	—	—	—	(7,216)	12,946	13,516	14,124
Community wealth/Equity	833,945	854,645	862,435	74,336	125,065	125,065	(1,147,330)	664,316	674,336	706,711
Cash flows										
Net cash from (used) operating	46,630	46,467	46,491	53,092	46,078	46,078	(40,957)	57,238	50,222	53,867
Net cash from (used) investing	—	—	—	(51,283)	(51,283)	(51,283)	—	(61,944)	(64,669)	(67,579)
Net cash from (used) financing	—	—	—	—	—	—	—	—	—	—
Cash/cash equivalents at the year end	46,630	46,467	46,491	2,309	(4,705)	(4,705)	(40,957)	(4,059)	(18,507)	(32,219)
Cash backing/surplus reconciliation										
Cash and investments available	4,716	2,157	1,891	22,835	5,159	5,159	(11,912)	(4,059)	(13,773)	(13,007)
Application of cash and investments	146,306	154,437	179,561	66,455	41,986	41,986	(222,825)	32,763	35,492	36,355
Balance - surplus (shortfall)	(141,590)	(152,280)	(177,670)	(43,620)	(36,827)	(36,827)	210,913	(36,823)	(49,265)	(49,363)
Asset management										
Asset register summary (WDV)	805,685	781,177	777,859	132,599	132,559	132,559	132,559	844,286	872,934	912,052
Depreciation	43,762	40,305	201	48,978	48,978	48,978	48,978	51,360	53,620	56,033
Renewal and Upgrading of Existing Assets	1,336,009	1,352,002	1,375,273	38,999	38,999	38,999	38,999	43,068	42,616	34,305
Repairs and Maintenance	703	333	152	1,300	661	661	661	5,693	4,724	5,756

FS161 Letsemeng - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		125;740	130;160	144;636	134;395	132;741	132;741	37;571	37;888	40;292
Executive and council		—	—	—	—	—	—	—	—	—
Finance and administration		125;740	130;160	144;636	134;395	132;741	132;741	37;571	37;888	40;292
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		685	608	209	—	—	—	—	—	—
Community and social services		—	27	3	—	—	—	—	—	—
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		—	—	—	—	—	—	—	—	—
Housing		685	581	206	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		1;000	993	993	1;124	1;124	1;124	20;092	19;691	20;406
Planning and development		1;000	1;000	1;000	1;124	1;124	1;124	1;073	—	—
Road transport		—	(7)	(7)	—	—	—	19;019	19;691	20;406
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		63;245	62;270	85;779	84;271	95;449	95;449	201;071	200;657	211;388
Energy sources		3;014	7;743	11;187	8;279	10;054	10;054	52;277	43;263	45;209
Water management		11;402	10;369	17;639	40;693	42;784	42;784	49;686	52;319	54;674
Waste water management		37;976	33;983	46;923	22;003	27;739	27;739	83;523	88;803	94;502
Waste management		10;852	10;175	10;031	13;297	14;872	14;872	15;586	16;271	17;004
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	190;671	194;031	231;617	219;790	229;315	229;315	258;734	258;236	272;086
Expenditure - Functional										
<i>Governance and administration</i>		223;972	155;559	164;991	146;480	160;139	160;139	165;703	172;439	180;196
Executive and council		20;488	21;819	19;799	16;202	19;371	19;371	18;743	19;384	20;256
Finance and administration		207;900	132;061	142;825	128;169	138;641	138;641	144;656	150;690	157;468
Internal audit		(4;416)	1;678	2;367	2;109	2;127	2;127	2;305	2;366	2;473
<i>Community and public safety</i>		6;251	3;868	1;256	3;700	4;141	4;141	4;281	4;469	4;670
Community and social services		5;729	4;085	1;258	2;700	3;641	3;641	3;816	3;984	4;163
Sport and recreation		(6)	(301)	—	500	100	100	105	109	114
Public safety		—	—	—	—	—	—	—	—	—
Housing		508	—	—	300	200	200	210	219	229
Health		20	83	(1)	200	200	200	150	157	164
<i>Economic and environmental services</i>		3;408	8;613	11;682	10;894	10;667	10;667	11;709	12;204	12;748
Planning and development		1;365	776	2;739	2;546	2;318	2;318	2;885	2;991	3;121
Road transport		2;043	7;837	8;943	8;349	8;349	8;349	8;825	9;213	9;627
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		87;157	58;023	62;768	57;148	55;074	55;074	66;898	67;948	71;777
Energy sources		40;370	36;763	39;418	44;005	41;525	41;525	47;191	48;192	51;143
Water management		3;380	10;133	9;945	3;489	4;389	4;389	9;110	9;546	9;966
Waste water management		43;400	11;122	13;116	9;333	9;019	9;019	10;450	10;056	10;508
Waste management		7	4	289	320	140	140	147	153	160
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	320;787	226;062	240;696	218;222	230;021	230;021	248;591	257;059	269;391
Surplus/(Deficit) for the year		(130;117)	(32;031)	(9;079)	1;568	(706)	(706)	10;143	1;176	2;695

FS161 Letsemeng - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
Revenue by Vote	1									
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Administration		125;740	130;160	144;636	134;395	132;741	132;741	37;571	37;888	40;292
Vote 3 - Energy sources		3;014	7;743	11;187	8;279	10;054	10;054	52;277	43;263	45;209
Vote 4 - Environmental Protection		11;537	10;756	10;237	11;047	11;047	11;047	–	–	–
Vote 5 - Water Management		11;402	10;369	17;639	40;693	42;784	42;784	49;686	52;319	54;674
Vote 6 - Waste water management		37;976	33;983	46;923	22;003	27;739	27;739	83;523	88;803	94;502
Vote 7 - Road Transport		–	(7)	(7)	–	–	–	19;019	19;691	20;406
Vote 8 - Waste Management		–	–	–	2;250	3;825	3;825	15;586	16;271	17;004
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - Community & Social Services		1;000	1;027	1;003	1;124	1;124	1;124	1;073	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	190;671	194;031	231;617	219;790	229;315	229;315	258;734	258;236	272;086
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		20;488	21;819	19;799	16;202	19;371	19;371	18;743	19;384	20;256
Vote 2 - Finance & Administration		206;918	130;953	141;877	125;150	134;362	134;362	140;153	145;980	152;548
Vote 3 - Energy sources		40;370	36;763	39;418	44;005	41;525	41;525	47;191	48;192	51;143
Vote 4 - Environmental Protection		(3;825)	2;066	2;365	3;109	2;527	2;527	2;664	2;741	2;865
Vote 5 - Water Management		3;380	10;133	9;945	3;489	4;389	4;389	9;110	9;546	9;966
Vote 6 - Waste water management		43;400	11;122	13;116	9;333	9;019	9;019	10;450	10;056	10;508
Vote 7 - Road Transport		2;043	7;837	8;943	8;349	8;349	8;349	8;825	9;213	9;627
Vote 8 - Waste Management		7	4	289	320	140	140	147	153	160
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - Community & Social Services		7;199	4;470	4;270	7;254	8;069	8;069	8;929	9;301	9;715
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	319;980	225;166	240;023	217;212	227;751	227;751	246;212	254;566	266;789
Surplus/(Deficit) for the year	2	(129;309)	(31;136)	(8;406)	2;578	1;564	1;564	12;522	3;669	5;297

FS161 Letsemeng - Table A4 Budgeted Financial Performance (revenue and expenditure)

Gauteng - Table A: Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Revenue By Source											
Property rates	2	19,994	28,678	28,398	24,421	25,153	25,153	27,256	26,032	27,178	28,401
Service charges - electricity revenue	2	17,567	17,788	21,921	26,551	28,405	28,405	26,018	29,768	31,078	32,477
Service charges - water revenue	2	5,450	10,875	15,975	12,911	13,627	13,627	11,416	14,072	14,691	15,352
Service charges - sanitation revenue	2	10,691	8,577	12,942	10,751	11,074	11,074	12,862	11,605	12,116	12,661
Service charges - refuse revenue	2	11,077	9,230	12,411	11,047	11,047	11,047	12,582	11,577	12,086	12,630
Rental of facilities and equipment		506	604	714	308	281	281	516	294	307	321
Interest earned - external investments		151	101	380	423	254	254	(15,885)	266	277	290
Interest earned - outstanding debtors		26,893	18,087	21,665	9,000	15,300	15,300	25,109	16,034	16,740	17,493
Dividends received		443	340	–	11	11	11	6	11	12	12
Fines, penalties and forfeits	8	22	22	7	35	17	17	8	18	19	20
Licences and permits		–	–	–	5	5	5	–	5	6	6
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		83,996	81,566	106,779	74,281	74,281	74,281	63,764	90,897	94,046	100,680
Other revenue	2	244	490	457	591	404	404	1,718	634	661	691
Gains		7	(1)	3	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		177,027	176,358	221,651	170,335	179,860	179,860	165,370	201,215	209,218	221,034
Expenditure By Type											
Employee related costs	2	53,698	54,390	59,857	70,205	70,430	70,430	62,839	73,053	76,267	79,699
Remuneration of councillors		3,991	4,200	4,217	4,828	4,828	4,828	4,329	5,167	5,395	5,638
Debt impairment	3	112,680	38,650	30,288	25,000	25,000	25,000	137	26,200	27,353	28,584
Depreciation & asset impairment	2	46,072	53,537	15,841	48,978	48,978	48,978	20	51,360	53,620	56,033
Finance charges		1,816	2,513	7,872	4,000	6,280	6,280	5,586	6,770	7,068	7,386
Bulk purchases - electricity	2	37,367	32,025	33,824	36,000	34,000	34,000	27,068	35,187	36,876	38,498
Inventory consumed	8	(13)	(16)	(11)	2,686	6,771	6,771	4,704	10,236	10,720	11,193
Contracted services		43,144	13,731	15,819	14,948	15,683	15,683	18,420	22,423	20,998	22,761
Transfers and subsidies		–	–	–	880	880	880	–	–	–	–
Other expenditure	4, 5	15,459	14,363	57,997	10,697	17,171	17,171	17,713	18,195	18,764	19,600
Losses		9,248	1,263	4,747	–	–	–	–	–	–	–
Total Expenditure		323,463	214,658	230,451	218,222	230,021	230,021	140,815	248,591	257,059	269,391
Surplus/(Deficit)		(146,435)	(38,301)	(8,800)	(47,887)	(50,161)	(50,161)	24,555	(47,376)	(47,842)	(48,357)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		12,771	21,356	32,423	49,308	49,308	49,308	–	57,519	49,018	51,052
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	147	147	147	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(133,664)	(16,944)	23,623	1,568	(706)	(706)	24,555	10,143	1,176	2,695
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(133,664)	(16,944)	23,623	1,568	(706)	(706)	24,555	10,143	1,176	2,695
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(133,664)	(16,944)	23,623	1,568	(706)	(706)	24,555	10,143	1,176	2,695
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		(133,664)	(16,944)	23,623	1,568	(706)	(706)	24,555	10,143	1,176	2,695

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		82	(7,099)	(6,300)	-	-	-	(5,439)	-	-	-
Vote 2 - Finance & Administration		1,333,404	1,328,913	1,312,210	570	570	570	1,312,572	209	218	228
Vote 3 - Energy sources		661	6,072	14,329	5,882	5,882	5,882	22,415	18,500	8,000	16,459
Vote 4 - Environmental Protection		-	7	7	-	-	-	7	-	-	-
Vote 5 - Water Management		27,505	46,070	75,194	27,632	27,632	27,632	78,722	20,000	26,487	29,645
Vote 6 - Waste water management		3,300	7,850	19,138	6,851	6,851	6,851	26,005	1,254	20,409	8,091
Vote 7 - Road Transport		6,156	107	107	200	160	160	147	6,811	175	3,287
Vote 8 - Waste Management		1,511	1,511	1,511	9,343	9,343	9,343	1,917	5,832	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - Community & Social Services		15,242	14,031	17,003	805	805	805	17,530	4,339	880	824
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		1,387,861	1,397,462	1,433,199	51,283	51,243	51,243	1,453,877	56,944	56,169	58,533
Total Capital Expenditure - Vote		1,387,861	1,397,462	1,433,199	51,283	51,243	51,243	1,453,877	56,944	56,169	58,533
Capital Expenditure - Functional											
Governance and administration		1,334,083	1,322,418	1,306,514	570	570	570	-	209	218	228
Executive and council		82	(7,099)	(6,300)	-	-	-	-	-	-	-
Finance and administration		1,334,000	1,329,510	1,312,807	570	570	570	-	209	218	228
Internal audit		-	7	7	-	-	-	-	-	-	-
Community and public safety		8,800	12,261	13,506	805	805	805	-	4,339	880	824
Community and social services		8,800	12,261	13,506	-	-	-	-	3,489	-	-
Sport and recreation		-	-	-	805	805	805	-	850	880	824
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		12,598	1,877	3,604	200	160	160	-	6,811	175	3,287
Planning and development		6,442	1,770	3,497	-	-	-	-	-	-	-
Road transport		6,156	107	107	200	160	160	-	6,811	175	3,287
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		32,977	61,503	110,171	49,708	49,708	49,708	-	45,586	54,896	54,195
Energy sources		661	6,072	14,329	5,882	5,882	5,882	-	18,500	8,000	16,459
Water management		27,505	46,070	75,194	27,632	27,632	27,632	-	20,000	26,487	29,645
Waste water management		3,300	7,850	19,138	6,851	6,851	6,851	-	1,254	20,409	8,091
Waste management		1,511	1,511	1,511	9,343	9,343	9,343	-	5,832	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	1,388,458	1,398,059	1,433,796	51,283	51,243	51,243	-	56,944	56,169	58,533
Funded by:											
National Government		54,077	83,360	129,793	48,413	48,413	48,413	-	56,568	55,776	58,122
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	54,077	83,360	129,793	48,413	48,413	48,413	-	56,568	55,776	58,122
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		1,334,381	1,314,699	1,304,003	2,870	2,830	2,830	-	376	393	410
Total Capital Funding	7	1,388,458	1,398,059	1,433,796	51,283	51,243	51,243	-	56,944	56,169	58,533

FS161 Letsemeng - Table A6 Budgeted Financial Position

Description		Ref	2018/19	2019/20	2020/21	Current Year 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 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS												
Current assets												

FS161 Letsemeng - Table A7 Budgeted Cash Flows

Description		Ref	2018/19	2019/20	2020/21	Current Year 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 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			-	-	-	20,791	25,153	25,153	-	18,223	18,988	19,823
Service charges			-	-	-	41,496	50,382	50,382	-	52,800	55,018	57,439
Other revenue			-	-	-	1,373	487	487	-	594	619	646
Transfers and Subsidies - Operational		1	2,505	193	217	74,281	74,281	74,281	5,192	90,897	94,046	100,680
Transfers and Subsidies - Capital		1	-	-	-	49,308	49,308	49,308	-	57,519	49,018	51,052
Interest			-	-	-	-	254	254	-	12,292	12,833	13,410
Dividends			-	-	-	11	11	11	-	11	12	12
Payments												
Suppliers and employees			44,125	46,274	46,274	(130,168)	(149,798)	(149,798)	(46,150)	(168,003)	(172,904)	(181,455)
Finance charges			-	-	-	(4,000)	(4,000)	(4,000)	-	(7,095)	(7,407)	(7,740)
Transfers and Grants		1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			46,630	46,467	46,491	53,092	46,078	46,078	(40,957)	57,238	50,222	53,867
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	-	-	-	-	-	-	-	-	-
Payments												
Capital assets			-	-	-	(51,283)	(51,283)	(51,283)	-	(56,944)	(59,449)	(62,125)
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	-	-	(51,283)	(51,283)	(51,283)	-	(56,944)	(59,449)	(62,125)
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			46,630	46,467	46,491	1,809	(5,205)	(5,205)	(40,957)	295	(9,227)	(8,257)
Cash/cash equivalents at the year begin:		2	-	-	-	500	500	500	-	646	941	(8,287)
Cash/cash equivalents at the year end:		2	46,630	46,467	46,491	2,309	(4,705)	(4,705)	(40,957)	941	(8,287)	(16,544)

FS161 Letsemeng - Table A8 Cash backed reserves/accumulated surplus reconciliation

C107 Letsseng - Table A6 Cash backed reserves/accumulated surplus reconciliation												
Description		Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash and investments available												
Cash/cash equivalents at the year end		1	46,630	46,467	46,491	2,309	(4,705)	(4,705)	(40,957)	941	(8,287)	(16,544)
Other current investments > 90 days			(41,914)	(44,310)	(44,600)	20,526	9,864	9,864	29,513	-	(266)	8,991
Non current assets - Investments		1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:			4,716	2,157	1,891	22,835	5,159	5,159	(11,444)	941	(8,553)	(7,552)
Application of cash and investments												
Unspent conditional transfers			55,011	13,766	1,591	4,500	4,500	4,500	(58,749)	-	-	-
Unspent borrowing			-	-	-	-	-	-	-	-	-	-
Statutory requirements		2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements		3	79,114	130,767	165,024	61,955	37,486	37,486	(170,251)	(4,847)	(3,773)	(4,677)
Other provisions			12,181	9,904	12,946	-	-	-	(871)	37,610	39,265	41,032
Long term investments committed		4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:			146,306	154,437	179,561	66,455	41,986	41,986	(229,870)	32,763	35,492	36,355
Surplus(shortfall)			(141,590)	(152,280)	(177,670)	(43,620)	(36,827)	(36,827)	218,426	(31,823)	(44,045)	(43,908)

FS161 Letsemeng - Table A9 Asset Management

Description		Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CAPITAL EXPENDITURE											
Total New Assets		1	52,448	50,760	63,226	12,285	12,244	12,244	18,876	13,553	24,227
Roads Infrastructure			12,066	12,066	12,066	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			399	399	8,656	5,882	5,882	5,882	18,500	8,000	16,459
Water Supply Infrastructure			77	77	77	-	-	-	-	5,160	7,358
Sanitation Infrastructure			7,993	12,490	13,165	-	-	-	-	-	-
Solid Waste Infrastructure			430	430	430	5,633	5,633	5,633	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			20,965	25,462	34,394	11,515	11,515	11,515	18,500	13,160	23,817
Licences and Rights			-	-	(1,588)	180	180	180	177	185	193
Intangible Assets			-	-	(1,588)	180	180	180	177	185	193
Computer Equipment			(5,580)	(5,041)	(6,311)	390	390	390	31	33	34
Furniture and Office Equipment			(7,915)	(13,759)	(13,192)	-	-	-	-	-	-
Machinery and Equipment			789	(61)	5,762	200	160	160	167	175	183
Transport Assets			82	82	82	-	-	-	-	-	-
Land			44,107	44,078	44,078	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets		6	200,697	229,312	267,943	38,999	38,999	38,999	38,068	42,616	34,305
Roads Infrastructure			12,598	9,862	11,589	-	-	-	6,644	-	3,104
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			262	5,673	5,673	-	-	-	-	-	-
Water Supply Infrastructure			32,079	48,234	72,150	25,532	25,532	25,532	20,000	21,327	22,287
Sanitation Infrastructure			(9,551)	(9,551)	1,062	8,951	8,951	8,951	1,254	20,409	8,091
Solid Waste Infrastructure			1,081	1,081	1,081	3,710	3,710	3,710	5,832	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			36,469	55,300	91,554	38,193	38,193	38,193	33,729	41,736	33,481
Community Facilities			-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities			8,785	12,246	13,491	805	805	805	4,339	880	824
Community Assets			8,785	12,246	13,491	805	805	805	4,339	880	824
Total Capital Expenditure		4	1,388,458	1,402,762	1,438,499	51,283	51,243	51,243	56,944	56,169	58,533
Roads Infrastructure			1,127,996	1,116,078	1,102,458	-	-	-	6,644	-	3,104
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			3,789	9,199	17,456	5,882	5,882	5,882	18,500	8,000	16,459
Water Supply Infrastructure			32,439	48,594	72,510	25,532	25,532	25,532	20,000	26,487	29,645
Sanitation Infrastructure			9,415	13,912	25,200	8,951	8,951	8,951	1,254	20,409	8,091
Solid Waste Infrastructure			1,511	1,511	1,511	9,343	9,343	9,343	5,832	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			1,175,150	1,189,295	1,219,135	49,708	49,708	49,708	52,229	54,896	57,298
Community Facilities			2,420	2,647	2,647	-	-	-	-	-	-
Sport and Recreation Facilities			8,785	12,246	13,491	805	805	805	4,339	880	824
Community Assets			11,205	14,893	16,138	805	805	805	4,339	880	824

FS161 Letsemeng - Table A9 Asset Management

Description		Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Licences and Rights			1,007	1,007	(581)	180	180	180	177	185	193
Intangible Assets			1,007	1,007	(581)	180	180	180	177	185	193
Computer Equipment			(5,580)	(5,041)	(6,311)	390	390	390	31	33	34
Furniture and Office Equipment			(7,915)	(13,759)	(13,192)	-	-	-	-	-	-
Machinery and Equipment			4,953	436	6,246	200	160	160	167	175	183
Transport Assets			82	82	82	-	-	-	-	-	-
Land			44,107	44,078	44,078	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class			1,388,458	1,402,762	1,438,499	51,283	51,243	51,243	56,944	56,169	58,533
ASSET REGISTER SUMMARY - PPE (WDV)		5	805,685	781,177	777,859	132,599	132,559	132,559	839,286	872,934	912,052
Roads Infrastructure			1,076,475	1,076,435	1,038,283	-	-	-	6,644	-	3,104
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			3,789	9,199	17,456	5,882	5,882	5,882	1,558,140	1,615,384	1,696,175
Water Supply Infrastructure			(464,038)	(487,920)	(465,928)	25,532	25,532	25,532	20,000	26,487	29,645
Sanitation Infrastructure			(1,557)	2,939	14,227	8,951	8,951	8,951	1,254	20,409	8,091
Solid Waste Infrastructure			1,511	1,511	1,511	9,343	9,343	9,343	5,832	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			112	969	(386)	210	210	210	-	-	-
Infrastructure			616,291	603,132	605,164	49,918	49,918	49,918	1,591,869	1,662,280	1,737,014
Community Assets			10,448	13,737	15,061	805	805	805	4,339	880	824
Heritage Assets			1,022	1,022	1,022	16	16	16	15	16	16
Investment properties			77,815	77,825	77,240	81,300	81,300	81,300	77,119	80,513	84,136
Other Assets			64,963	61,224	50,463	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Intangible Assets			(427)	(628)	(2,418)	180	180	180	354	370	386
Computer Equipment			-	-	-	80	80	80	-	-	-
Furniture and Office Equipment			(13,646)	(19,808)	(19,156)	100	100	100	(834,578)	(871,299)	(910,508)
Machinery and Equipment			5,030	513	6,323	200	160	160	167	175	183
Transport Assets			82	82	82	-	-	-	-	-	-
Land			44,107	44,078	44,078	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	805,685	781,177	777,859	132,599	132,559	132,559	839,286	872,934	912,052
EXPENDITURE OTHER ITEMS			44,465	40,638	353	50,278	49,639	49,639	57,053	58,344	61,789
Depreciation		7	43,762	40,305	201	48,978	48,978	48,978	51,360	53,620	56,033
Repairs and Maintenance by Asset Class		3	703	333	152	1,300	661	661	5,693	4,724	5,756
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	5,000	4,000	5,000
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	-	-	-	5,000	4,000	5,000
Community Facilities			343	333	-	1,000	461	461	484	505	528
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-
Community Assets			343	333	-	1,000	461	461	484	505	528
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			359	-	152	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			359	-	152	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-	-	-
Machinery and Equipment			-	-	-	300	200	200	210	219	229
Transport Assets			-	-	-	-	-	-	-	-	-
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS			44,465	40,638	353	50,278	49,639	49,639	57,053	58,344	61,789
Renewal and upgrading of Existing Assets as % of total capex			96.2%	96.4%	95.6%	76.0%	76.1%	76.1%	66.9%	75.9%	58.6%
Renewal and upgrading of Existing Assets as % of deprecn			3052.9%	3354.4%	682873.5%	79.6%	79.6%	79.6%	74.1%	79.5%	61.2%
R&M as a % of PPE			0.1%	0.0%	0.0%	2.5%	1.3%	1.3%	0.7%	0.6%	0.7%
Renewal and upgrading and R&M as a % of PPE			166.0%	173.0%	177.0%	30.0%	30.0%	30.0%	5.0%	5.0%	4.0%

FS161 Letsemeng - Table A10 Basic service delivery measurement

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling		11,208	11,208	11,208	11,208	11,208	11,208	11,208	11,208	11,208
Piped water inside yard (but not in dwelling)		9,208	9,208	9,208	9,208	9,208	9,208	9,208	9,208	9,208
Using public tap (at least min.service level)	2	682	682	682	682	682	682	682	682	682
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		21,098	21,098	21,098	21,098	21,098	21,098	21,098	21,098	21,098
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	21,098	21,098	21,098	21,098	21,098	21,098	21,098	21,098	21,098
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		16,376	16,376	16,376	16,376	16,376	16,376	16,376	16,376	16,376
Flush toilet (with septic tank)		608	608	608	608	608	608	608	608	608
Chemical toilet		102	102	102	102	102	102	102	102	102
Pit toilet (ventilated)		2,370	2,370	2,370	2,370	2,370	2,370	2,370	2,370	2,370
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		19,456	19,456	19,456	19,456	19,456	19,456	19,456	19,456	19,456
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	19,456	19,456	19,456	19,456	19,456	19,456	19,456	19,456	19,456
Energy:										
Electricity (at least min.service level)		11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Refuse:										
Removed at least once a week		11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
<i>Minimum Service Level and Above sub-total</i>		11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
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 (R'000)	8									
Water (6 kilolitres per indigent household per month)		3,920	3,726	3,789	3,920	3,726	3,789	3,920	3,726	3,789
Sanitation (free sanitation service to indigent households)		7,090	-	-	7,090	-	-	7,090	8,000	9,000
Electricity/other energy (50kwh per indigent household per month)		2,663	2,663	2,663	2,663	2,663	2,663	2,663	2,663	2,663
Refuse (removed once a week for indigent households)		6,763	-	-	6,763	-	-	6,763	7,000	8,000
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		20,436	6,389	6,452	20,436	6,389	6,452	20,436	21,389	23,452
Highest level of free service provided per household										
Property rates (R value threshold)		70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		123	123	123	123	123	123	123	123	123
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		410	699	699	699	699	699	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	410	699	699	699	699	699	-	-	-

1. Explanatory notes to budget

Table A1 is a summary of the budget of Letsemeng Local Municipality that gives an overview of the budget, it includes, the following key aspects

Financial Performance: This is a summary of income statement of the Municipality

Capital Expenditure and funding sources: This gives a brief overview of the capital expenditure and its funding sources

Financial Position: This is the balance sheet of Letsemeng Local Municipality

Cash Flow: This gives a brief overview of the Cash flow of the Municipality

Asset Management: This is the overview of the total assets of the Municipality

Free Services: This section gives the total amount of free basic services as provided by the municipality.

This is the most important as it gives users of the budget a “snapshot” of what is going to follow in the next ten (10) main tables

Explanatory Notes to Table A2

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per functional classification.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4 as Table A4 exclude capital transfers

Explanatory Note to Table A3

1. Table A3 is an overview of the budgeted financial performance in relation to the revenue and expenditure per municipal vote.
2. From the above it can be seen that all trading services are making surpluses, and this is attributable to the following
 - a. Council proposes an increase of 7.47% on electricity tariffs
 - b. An increase of 4.8% on refuse, sewerage and water tariffs

- c. 4.8% Increase for Property rates
 - d. Cut on non-priority spending
3. Profits made on this services are used to subsidise non-trading services

Explanatory note on table A4

1. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the budgeted revenue of Letsemeng Local Municipality
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Major component of expenditure relates to employee costs

Explanatory note on Table A5

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

Explanatory Notes to Table A6

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Explanation to Table A7

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory note to table A8

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. Considering the requirements of section 18 of the MFMA, it can be concluded that the final budget for 2022/23 MTREF is unfunded.

Explanatory Note for Table A9

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Explanatory notes to Table A10

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

PART 2

2.1. 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 addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

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 annual budget.

The Mayor tabled the required IDP process plan and budget time schedule in line with the applicable legislation. However, adherence to these plans was not achieved as the processes were not undertaken exactly at the dates that were indicated in the plans due to the new Council that started in November 2021.

Consultations took place immediately after the draft annual budget and revised Integrated Development Plan were tabled to Council on 30 March 2022.

2.2. Alignment of the Annual Budget with the Integrated Development Plan

The annual review of the Integrated Development Plan is a legislative requirement in terms of section 34 of the Municipal Systems Act. It stipulates that a Municipal Council must review its integrated plan annually in accordance with an assessment of its performance measurements in terms of section 41; and to the extent that changing circumstances so demand; and may amend its integrated development plan in accordance with a prescribed process.

The Annual Budget and the IDP are linked to one another, something that has been formalised through the promulgation of the Municipal Finance Management Act in 2004.

In compliance with the Municipal Structures Act and Municipal Finance Management Act the municipality's budget must be informed by and aligned to the IDP objectives. The budgetary allocations for both capital and operating expenditure need to be undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also leads to the municipality's vision being realized. This ensures that the IDP directs the development and implementation of projects.

Over the years, Auditor General has been raising findings that the Integrated Development Plan and Annual Budget are not aligned to each other. Furthermore, the Key Performance Indicators were not measurable and with no target dates. The

performance management system is now effective at the municipality as there is a dedicated unit or official entrusted with performance management.

2.3. Measurable performance objectives

Performance Management is a system intended to manage and monitor service delivery progress against the predetermined strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed a performance management system (in the process of implementation) of which system is constantly refined as the integrated planning process unfolds. The measurable performance objectives will be included in the service delivery and budget implementation plan when it is submitted to the Council for approval.

2.4. Overview of the Budget-Related Policies

The Municipal Budget and Reporting Regulations promulgated under the Municipal Finance Management Act 56 of 2003, prescribe the budget-related policies that must be approved together with the budget related policies below:

2.4.1 Credit Control and Debt Collection Policy

The number of indigent registered for the financial year 2021-22 is very low. We are encouraging consumers that qualifies for indigent to come forward to register for indigent at the different municipal offices.

Council is encouraging community to annually update their indigent status.

2.4.2 Tariff Policy

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. NERSA has not yet approved the electricity tariffs for 2022/23 financial year but an increase of 7.47% was made. NERSA is currently in the process of Public hearing on the Municipal Guideline and Benchmarks consultation paper. Please refer to the Annexure of Tariff List

2.4.3 Indigent Support Policy

The recommendation is that the threshold be increased to a current value of R1 910 * 2 i.e. R3 820 pensioners combined or the rand value.

2.5. Overview of the budget assumptions

Budgets are prepared in an environment of uncertainty and assumptions need to be made about internal and external factors that could impact on the budget during the course of the financial year. In compiling the 2022-23 Annual Budget, the following key issues and assumptions were taken into consideration and modelled into the budget planning process:

- (a) Economic climate and poverty levels within the municipality will remain the same / constant for major part of the financial year given the limited economic activities with the vicinity;
- (b) Cash flow projections will be strictly maintained to ensure the municipality's ability to meet its financial obligations;
- (c) Operational costs will be maintained at current levels or reduced as cost containment measures and where there is material decrease in revenue collection rate, expenditure will have to be reduced at the same proportion;
- (d) Filling of vacant posts was prioritised taking into account the cash flow projections of the municipality.

2.6 Expenditure on allocations and grant programmes

It is the intention of the municipality to spend all of its grant allocations within the current year according to the conditions of such allocations / grants. Performance review will be done during the mid-year budget assessment and where under spending is foreseeable; the necessary procedure will be followed to ensure that spending is done 100%.

DORA GRANTS ALLOCATIONS FOR LETSEMENG MUNICIPALITY FOR 2022/23 MTREF

DORA GRANT	ALLOCATED AMOUNT
Equitable Share	R 79 028 000
Water Services Infrastructure Grant	R 20 000 000
Municipal Infrastructure Grant	R 19 019 000
Expanded Public Works Programme	R 1 073 000
Integrated National Electrification Grant	R 18 500 000
Financial Management Grant	R 3 000 000
Provincial Grant	R 2 796 000

All the grants allocated are conditional i.e. have to meet an obligation except Equitable Share grant which is unconditional.

2.7. Councillor and board members allowances and employee benefits

The Municipal System Act, section 66(1) requires the Municipal Manager to approve a staff establishment for the municipality within a policy framework determined by the municipal council and subject to any applicable legislation. The act further requires the Municipal Manager to provide a job description for each post on the staff establishment and to attach to those posts the remuneration and other conditions of service as may be determined in accordance with any applicable labour legislation.

The Senior Managers, in consultation and with concurrence of the Municipal Manager have reviewed the structure of their respective departments.

(a) Employee costs will increase from **R 70 430 000** (2021-22 adjustment budget) to **R 73 053 000**.

(b) The Council Remuneration of **R 5 167 000** for 2022/23 is the estimated amount.

2.8. Monthly targets of revenue, expenditure and cash flow

The municipality has over the years been in a position to bill all its budgeted revenue.

This meant that the municipality had to prioritise its spending as the spending is informed by availability of cash. Therefore, the spending on operational expenditure has been marginally less than anticipated due to cash flow constraints.

2.9. Annual budgets and service delivery budget and implementation plan: internal departments

The departmental service delivery implementation plan are at a draft stage and will be completed after adoption of the annual budget in order to form the high level of the municipal service delivery and budget implementation plan to be approved by the mayor, 28 days after the annual budget has been approved.

2.10. Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the

Bid Evaluation or Adjudication committees must obtain formal financial comments from the Budget and Treasury Office.

2.11. Capital expenditure details

The total capital expenditure budget of the municipality is **R 61 944 000**

Municipal Water System Infrastructure Grant is allocated at **R 20 000 000**

Integrated National Electrification Programme is allocated **R 18 500 000**

Municipal Infrastructure Grant is allocated **R 19 019 000**

Internally generated funds amounts to **R 376 000**

Below are planned projects for the coming financial year 2022-23:

- Project Management Unit **R 950 950**
- Koffiefontein: Upgrading of existing Waste Disposal Site (MIS:207907) **R 3 488 781.63**
- Koffiefontein/Sonwabile: Upgrading of sports facility (Phase 2) (MIS:249754) **R 850 000**
- Luckhoff: Closure of existing solid waste site and construction of a new solid waste facility (MIS:285464) **R 5 831 744.87**
- Petrusburg/Bolokanang: Upgrading of 1.72km access paved road and storm water (MIS:412513) **R 6 643 508.95**

The following is the budgeted project for Integrated National Electrification Programme:

- Electrification of 1000 Households Connections I Bolokanang Ext 7/ Petrusburg **R 18 500 000**

The following is the budgeted project for Water Service Infrastructure Grant:

- Koffiefontein and Dithake bulk water storage (4.9ML Reservoir) **R20 000 000**

2.12. Legislation compliance

There has been substantial improvement in terms of compliance. Reporting to National Treasury in electronic format was fully complied with on a monthly basis where there have been challenges of compliance; such challenges were reported to Provincial Treasury.

2.12.1. In year reporting

It is the intention of the municipality (Councillors and Management) to move beyond compliance but rather focus on the quality of reports that are required in terms of various legislations.

2.12.2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme funded by Finance Management Grant and has employed six interns undergoing training in various divisions of the Budget and Treasury Office.

The municipality is expected to received **R3 000 000** of Financial Management Grant.

2.12.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

2.12.4. Audit & Risk Committee

Municipality make use of the in-house Audit and Risk Committee which was established in the financial year 2017-18.

2.12.5 Service Delivery Budget and Implementation Plan

The detailed SDBIP document will be finalised after approval of the 2022-23 Annual Budget in June 2022.

2.13. Other supporting documents

The documents mentioned below are attached as annexures to the annual budget:

- (a) Tariff list

2.14. Municipal Manager's quality certificate

The Municipal Manager's quality certificate as required by the Municipal Budget and Reporting Regulations is attached in the next page.

LETSEMENG LOCAL MUNICIPALITY

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KOFFIEFONTEIN
9986



FOON / PHONE
(053) 3300 200

OFFICE OF THE MUNICIPAL MANAGER

To whom it may concern

Re: Quality Certificate for 2022-23 Final Annual Budget

I, Tshemedi Lucas Mkhwane, the Municipal Manager of Letsemeng Local Municipality (FS161), hereby certify that the final annual budget for the 2022-23 financial years has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the final annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Name: Mr. T.L. Mkhwane

Municipality: Letsemeng Local Municipality

Date:

Signature
