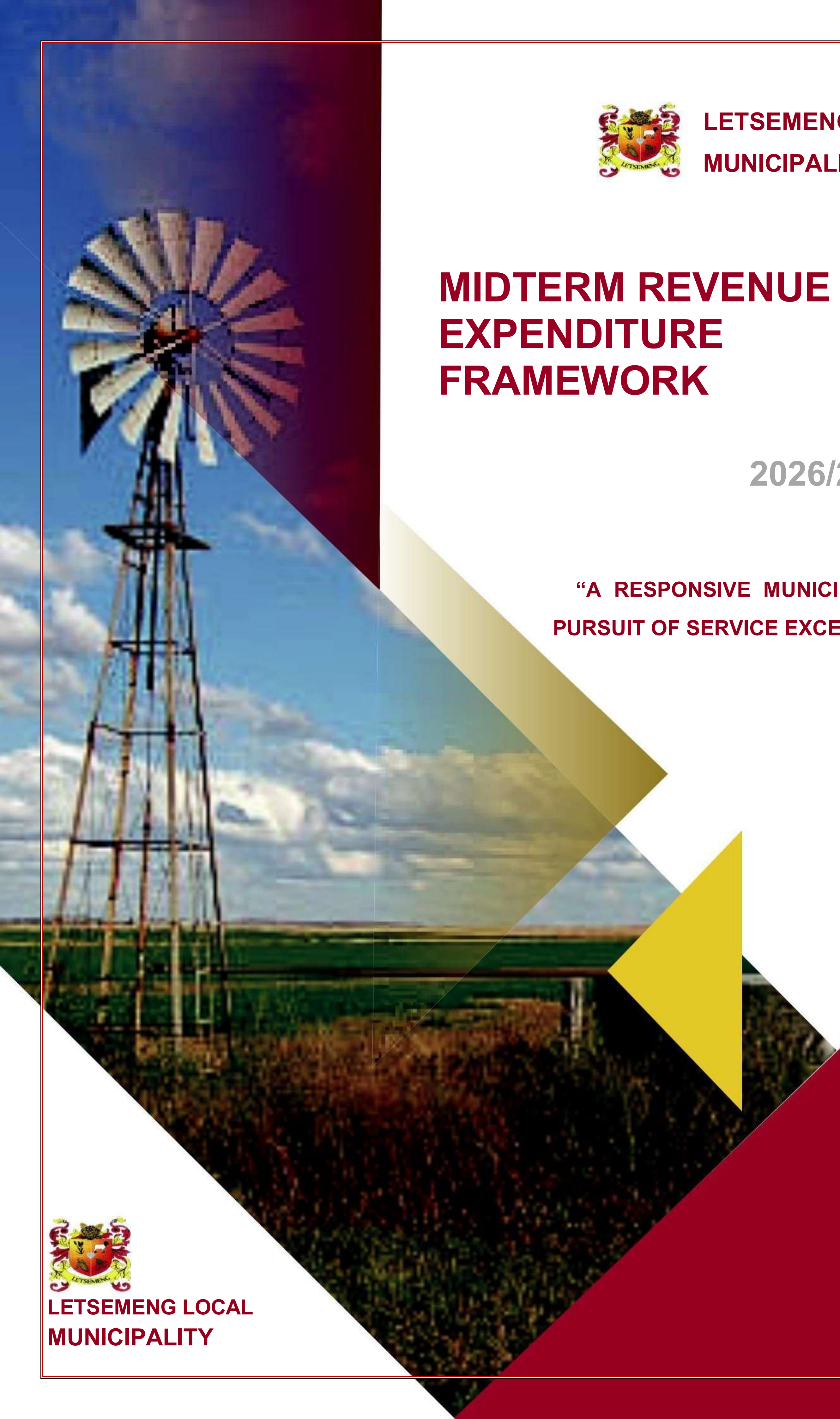
LETSEMENG LOCAL MUNICIPALITY

MIDTERM REVENUE AND EXPENDITURE FRAMEWORK

2026/2027FY

"A RESPONSIVE MUNICIPALITY IN PURSUIT OF SERVICE EXCELLENCE"



LETSEMENG LOCAL MUNICIPALITY

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PART 1

Mayor’s report (Budget summary)

CAPITAL BUDGET

Capital Budget is funded from the following sources

- **MIG – Municipal Infrastructure Grant = R 10 697 000.00**

Projects under MIG for Financial year 2026-27:

Project Management Unit	**R**	**534 850.00**
Relebohile (Luckhoff): Upgrading of 1,120m Bulk sewer lines and pump station (MIS:529455)	**R**	**4 145 558.97**
Bolokanang (Petrusburg): Rehabilitation of stormwater management system - Phase 1 (MIS:545527)	**R**	**5 217 441.60**
Petrusburg : Refurbishment of sports facility	**R**	**800 000.00**

Schedule 6B – Allocation in Kind

Koffiefontein:Refurbishment of 4 sewer pump stations (MIS:558125) **R 9 576 000.00**

- **WSIG – Water Services Infrastructure Grant = R 23,000,000.00**

Projects under WSIG for Financial year 2026-27:

Koffiefontein: Refurbishment of WWTW	**R**	**22 785 000.00**
Upgrading of Outfall line and sewer pump station in Jacobsdal	**R**	**215,000.00**

- **INEP – Integrated National Electrification Programme = R4 000 000.00**

  Petrusburg: Construction of 2.6MVA/22KV 3 way switching station **R 4 000 000.00**

Schedule 6B – Allocation in Kind

Electrification project by Eskom **R 81 000.00**

- Capital expenditure from internally generated funds = **R 3 040 500 (VAT excl.)**
- Total Capital Budget for 2026/2027 amounts to **R 35 820 500 (VAT excl.)**

OPERATING GRANTS TO BE RECEIVED

Equitable Shares	: **R96.4 million**
Financial Management Grant	: **R3 million**
Expanded Public Works Program	**: R 1 320 000**

The following tariff increases are proposed:

- Water : 3.4%
- Sewerage : 3.4%
- Refuse : 3.4%
- Property rates : 3.4%

- Electricity : 9.01%
- All other tariffs : 3.4%

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 2026-27 to 2028-29 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 2026/27 MTREF:

(a) Budgeting for a funded and credible annual budget compared to a balanced budget;

(b) The 2025-26 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 2026-27 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 134 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 gazette as required by the annual Division of Revenue Act.

Total operating revenue amounts to **R 265 049 41,** it increased with R9 505 944 from financial year 2025-26 adjustment budget of **R 255 543 475**. Operating revenue comprises of service charges, property rates and other revenue. We anticipate collecting 100% on prepaid electricity, 70% on property rates, 60% on water services, refuse and sanitation services.
Property rates amount to **R 31 131 172** it has increased from **R30 020 417,** electricity increased from **R 55 214 943** to **R 59 389 657**, water increased from **R 16 218 732** to **R 16 818 825,** wastewater management increased from **R 15 222 427** to **R 15 785 657** and waste management increased from **R 14 711 143** to **R 15 255 454**. All the service charges were increased with an average inflation rate of 3.4%. Operational revenue consists of administration costs, objection costs, photocopies costs and clearance certificate. Municipality is still awaiting NERSA tariff approval for electricity; we applied for an increase of 13.40% on electricity tariffs.

Total operating expenditure amount to **R 252 309 216** it has decreased with **R2 611 934** from financial year 2025-26 adjustment budget of **R254 921 150.** Total operating expenditure for the 2026-27 financial year translates into a surplus of **R 12 367 637**, there are non-cash items amounting to **R45 707 709.** The operating expenditure consists of employee related costs, remuneration of Councillors, bulk purchases, contracted services, and operational costs. Employee related costs increased from **R 84 594 234** to **R 87 724 226**. Remuneration of Councillors is increased from **R 5 283 923 to R 5 479 428** the increase is based on the projected average CPI of 3.4%. Bulk purchases was increased from **R44 924 474** to **R 47 035 924, this is based on approval by NERSA of increase**

on Electricity bulk purchases of 9.01%. Contracted services increased from **R 16 337 694** to **R 26 146 971,** it comprises of protective clothing, supplementary valuation roll, Insurance for municipal assets, employee wellness, rental of photocopies machines, telephones and network, maintenance of financial system (MSCOA compliant) and compilation of annual financial statements. Operational costs decreased from **R 14 642 881** to **R 19 109 658**. Operational costs consist of human capital development, wastewater and water chemicals, accommodation, audit fees, printing and stationery, legal expenses, office furniture and etc. As per requirement from National treasury we are expected to budget for non-cash items i.e. Debt Impairment **R30 000 000** and Depreciation and Asset Impairment of **R 15 707 709**, as per the budget circular of MFMA depreciation needs to be funded.

Explanatory notes table A1

FS161 Letsemeng - Table A1 Budget Summary

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Financial Performance										
Property rates	25,106	26,334	28,146	30,020	30,020	30,020	20,133	31,131	32,159	33,188
Service charges	59,392	60,748	69,839	97,405	101,367	101,367	48,098	107,250	111,245	114,636
Investment revenue	102	91	–	359	359	359	–	373	385	397
Transfer and subsidies - Operational	91,138	109,880	118,289	96,781	96,781	96,781	61,354	100,811	102,775	105,965
Other own revenue	36,989	50,462	41,357	25,239	24,576	24,576	38,204	25,485	26,326	27,169
Total Revenue (excluding capital transfers and contributions)	212,728	247,513	257,631	249,805	253,104	253,104	167,788	265,049	272,890	281,354
Employee costs	73,697	83,433	71,388	84,594	–	–	51,697	87,724	90,619	93,519
Remuneration of councillors	5,369	5,563	5,743	5,234	–	–	3,898	5,479	5,660	5,841
Depreciation, amortisation and impairment	44,694	29,244	40,347	31,347	–	–	–	15,708	16,226	16,745
Interest, Dividends and Rent on Land	16,417	22,278	52,814	14,616	–	–	20,745	16,592	17,140	17,688
Inventory consumed and bulk purchases	(443,474)	51,907	75,371	48,453	3,100	3,100	27,639	51,549	53,254	54,956
Transfers and subsidies	3,500	–	–	–	–	–	–	–	–	–
Other expenditure	48,549	94,330	122,755	56,168	26,038	26,038	33,783	75,257	76,377	148,860
Total Expenditure	(251,248)	286,754	368,418	240,412	29,138	29,138	137,763	252,309	259,276	337,610
Surplus/(Deficit)	463,976	(39,241)	(110,787)	9,393	223,966	223,966	30,025	12,740	13,614	(56,256)
Transfers and subsidies - capital (monetary allocations)	36,249	11,632	8,557	46,192	46,192	46,192	–	37,697	50,558	52,413
Transfers and subsidies - capital (in-kind)	–	–	–	5,009	5,009	5,009	–	9,657	9,976	10,295
Surplus/(Deficit) after capital transfers & contributions	500,225	(27,609)	(102,230)	60,594	275,167	275,167	30,025	60,094	74,148	6,452
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	500,225	(27,609)	(102,230)	60,594	275,167	275,167	30,025	60,094	74,148	6,452
Capital expenditure & funds sources										
Capital expenditure	28,897	(12,098)	(1,208,417)	40,044	41,021	41,021	263,253	35,356	36,523	37,692
Transfers recognised - capital	36,138	16,204	(141,531)	39,382	39,382	39,382	61,036	32,316	33,382	34,450
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	(7,240)	(28,302)	(1,072,521)	663	1,639	1,639	195,357	3,041	3,141	3,241
Total sources of capital funds	28,897	(12,098)	(1,214,052)	40,044	41,021	41,021	256,394	35,356	36,523	37,692
Financial position										
Total current assets	301,850	358,258	165,882	554,686	736,634	736,634	249,570	248,482	482,483	427,853
Total non current assets	754,991	739,287	1,060,591	728,134	760,458	760,458	1,063,156	1,058,568	1,093,501	1,128,493
Total current liabilities	373,548	438,097	540,889	299,372	299,071	299,071	597,116	637,907	659,183	680,547
Total non current liabilities	7,101	7,389	80,621	36,743	36,743	36,743	80,621	90,404	93,388	96,376
Community wealth/Equity	(663,706)	2,813,737	2,573,381	946,705	1,161,278	1,161,278	1,887,794	578,738	823,413	779,423
Cash flows										
Net cash from (used) operating	216,412	238,647	246,522	4,297	195,509	195,509	265,376	43,817	18,656	19,393
Net cash from (used) investing	–	–	–	(46,051)	(47,192)	(47,192)	–	(37,163)	(38,389)	(39,618)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	216,412	238,647	246,521	(41,556)	148,515	148,515	265,376	6,880	(12,854)	(33,079)
Cash backing/surplus reconciliation										
Cash and investments available	216,412	238,647	246,521	(41,556)	148,515	148,515	265,376	7,168	(12,556)	(32,771)
Application of cash and investments	293,638	348,115	439,877	93,578	102,661	102,661	485,800	(253,161)	443,795	493,378
Balance - surplus (shortfall)	(77,226)	(109,468)	(193,356)	(135,134)	45,854	45,854	(220,424)	260,329	(456,351)	(526,150)
Asset management										
Asset register summary (WDV)	600,064	569,267	995,139	690,334	722,657	722,657		1,037,584	1,071,824	1,098,040
Depreciation	40,026	39	15,708	31,347	–	–		15,708	16,226	16,745
Renewal and Upgrading of Existing Assets	1,392,959	1,399,194	53,143	26,917	26,917	26,917		28,837	29,789	30,742
Repairs and Maintenance	2,115	2,495	2,411	1,703	–	–		5,498	5,679	5,861

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.

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

Functional Classification Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue - Functional										
Governance and administration		**80,629**	**81,211**	**88,261**	**82,352**	**81,689**	**81,689**	**83,840**	**86,608**	**89,280**
Executive and council		2,483	5,429	3,380	4,994	4,994	4,994	5,178	5,349	5,521
Finance and administration		78,146	75,782	84,881	75,888	75,224	75,224	77,137	79,683	82,134
Internal audit		–	–	–	1,471	1,471	1,471	1,525	1,575	1,626
Community and public safety		**65,373**	**85,346**	**90,634**	**6,248**	**6,248**	**6,248**	**6,479**	**6,693**	**6,907**
Community and social services		65,035	84,939	90,216	3,571	3,571	3,571	3,703	3,826	3,948
Sport and recreation		–	–	–	2,677	2,677	2,677	2,776	2,868	2,959
Public safety		–	–	–	–	–	–	–	–	–
Housing		337	407	418	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**1,073**	**665**	**1,010**	**18,062**	**18,062**	**18,062**	**10,697**	**22,082**	**22,657**
Planning and development		1,073	665	1,010	–	–	–	–	–	–
Road transport		–	–	–	18,062	18,062	18,062	10,697	22,082	22,657
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**101,902**	**91,924**	**106,140**	**194,344**	**198,306**	**198,306**	**211,387**	**218,040**	**225,217**
Energy sources		54,211	35,466	35,284	77,444	83,617	83,617	87,819	92,267	95,119
Water management		2,233	5,638	7,774	65,914	63,703	63,703	69,376	71,156	73,733
Waste water management		33,820	38,123	47,316	21,500	21,500	21,500	23,616	23,032	23,769
Waste management		11,638	12,698	15,765	29,485	29,485	29,485	30,576	31,585	32,596
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	**248,977**	**259,146**	**286,045**	**301,006**	**304,305**	**304,305**	**312,403**	**333,423**	**344,062**
Expenditure - Functional										
Governance and administration		**110,628**	**194,308**	**233,305**	**129,962**	**8,822**	**8,822**	**129,848**	**134,082**	**208,412**
Executive and council		17,618	16,221	16,363	15,026	–	–	16,646	17,144	17,692
Finance and administration		90,836	175,138	213,840	112,372	8,822	8,822	110,534	114,181	187,875
Internal audit		2,174	2,950	3,103	2,564	–	–	2,669	2,757	2,845
Community and public safety		**44,138**	**1,793**	**17,067**	**3,938**	**–**	**–**	**5,657**	**5,844**	**6,031**
Community and social services		43,970	1,472	16,795	3,525	–	–	4,907	5,069	5,231
Sport and recreation		–	150	–	157	–	–	200	207	213
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	157	–	–	300	310	320
Health		168	171	273	100	–	–	250	258	267
Economic and environmental services		**9,806**	**2,043**	**5,349**	**12,626**	**130**	**130**	**8,388**	**8,664**	**8,942**
Planning and development		2,165	2,031	4,856	6,737	130	130	6,846	7,072	7,298
Road transport		7,641	13	493	5,889	–	–	1,542	1,592	1,643
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**(415,820)**	**88,610**	**112,697**	**93,886**	**20,186**	**20,186**	**108,416**	**110,686**	**114,225**
Energy sources		(428,333)	50,630	71,563	53,520	100	100	66,007	68,189	70,368
Water management		(2,246)	17,295	20,899	7,468	2,300	2,300	17,598	18,178	18,760
Waste water management		14,652	20,676	20,807	23,225	8,352	8,352	17,437	16,701	17,235
Waste management		107	9	(572)	9,672	9,434	9,434	7,375	7,618	7,862
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	**(251,248)**	**286,754**	**368,418**	**240,412**	**29,138**	**29,138**	**252,309**	**259,276**	**337,610**
Surplus/(Deficit) for the year		**500,225**	**(27,609)**	**(82,373)**	**60,594**	**275,167**	**275,167**	**60,094**	**74,148**	**6,452**

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 recognized – 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

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

Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue by Vote	1									
Vote 1 - Executive & Council		2,483	5,429	3,380	4,994	4,994	4,994	5,178	5,349	5,521
Vote 2 - Finance & Administration		78,146	75,782	84,881	75,888	75,224	75,224	77,137	79,683	82,134
Vote 3 - Energy sources		54,211	35,466	35,284	77,444	83,617	83,617	87,819	92,267	95,119
Vote 4 - Environmental Protection		337	407	418	1,471	1,471	1,471	1,525	1,575	1,626
Vote 5 - Water Management		2,233	5,638	7,774	65,914	63,703	63,703	69,376	71,156	73,733
Vote 6 - Waste water management		33,820	38,123	47,316	21,500	21,500	21,500	23,616	23,032	23,769
Vote 7 - Road Transport		–	–	–	18,062	18,062	18,062	10,697	22,082	22,657
Vote 8 - Waste Management		11,638	12,698	15,765	29,485	29,485	29,485	30,576	31,585	32,596
Vote 9 - Fleet Management		–	–	–	–	–	–	–	–	–
Vote 10 - Community & Social Services		66,108	85,604	91,226	6,248	6,248	6,248	6,479	6,693	6,907
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	**248,977**	**259,146**	**286,045**	**301,006**	**304,305**	**304,305**	**312,403**	**333,423**	**344,062**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive & Council		17,618	16,221	16,363	15,026	–	–	16,646	17,144	17,692
Vote 2 - Finance & Administration		81,014	166,627	204,736	108,651	8,822	8,822	105,919	109,414	182,955
Vote 3 - Energy sources		(428,333)	50,630	71,563	53,520	100	100	66,007	68,189	70,368
Vote 4 - Environmental Protection		2,342	3,121	3,487	2,925	–	–	3,519	3,635	3,751
Vote 5 - Water Management		37,741	17,295	36,607	7,468	2,300	2,300	17,598	18,178	18,760
Vote 6 - Waste water management		14,652	20,676	20,807	23,225	8,352	8,352	17,437	16,701	17,235
Vote 7 - Road Transport		7,641	13	493	5,889	–	–	1,542	1,592	1,643
Vote 8 - Waste Management		107	9	(572)	9,672	9,434	9,434	7,375	7,618	7,862
Vote 9 - Fleet Management		4,857	3,692	3,003	1,179	–	–	1,979	2,044	2,110
Vote 10 - Community & Social Services		11,113	8,472	11,932	12,856	130	130	14,289	14,761	15,233
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	**(251,248)**	**286,754**	**368,418**	**240,412**	**29,138**	**29,138**	**252,309**	**259,276**	**337,610**
Surplus/(Deficit) for the year	2	**500,225**	**(27,609)**	**(82,373)**	**60,594**	**275,167**	**275,167**	**60,094**	**74,148**	**6,452**

1. Table A3 is an overview of the budgeted financial performance in relation to the revenue and expenditure per municipal vote.
2. The following are proposed tariff increases:

    a. A tariff of 9.01% on electricity tariffs.

    b. An increase of 3.4% on refuse, sewerage, and water tariffs

    c. 3.4% Increase for Property rates

    d. Cut on non-priority spending.

Explanatory note on table A4

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

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	38,135	34,952	35,283	49,041	55,215	55,215	27,619	59,390	61,806	63,614
Service charges - Water	2	2,233	5,638	7,774	18,430	16,219	16,219	3,978	16,819	17,374	17,930
Service charges - Waste Water Management	2	9,671	10,412	13,582	15,222	15,222	15,222	8,400	15,786	16,307	16,828
Service charges - Waste Management	2	9,352	9,746	13,201	14,711	14,711	14,711	8,101	15,255	15,759	16,263
Sale of Goods and Rendering of Services	2	224	161	461	490	553	553	213	574	592	611
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest		247	197	668	-	-	-	237	-	-	-
Interest earned from Receivables	2	25,423	38,237	43,916	15,969	15,969	15,969	28,628	16,560	17,106	17,654
Interest earned from Current and Non Current Assets	2	102	91	-	359	359	359	-	373	385	397
Dividends	2	10	11	15	17	17	17	12	18	18	19
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	560	976	1,054	752	804	804	547	834	862	889
Licence and permits	2	-	-	-	3	3	3	-	3	3	3
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	5	403	181	115	115	115	79	119	123	127
Non-Exchange Revenue											
Property rates	2	25,106	26,334	28,146	30,020	30,020	30,020	20,133	31,131	32,159	33,188
Surcharges and Taxes	2	-	-	-	-	-	-	471	-	-	-
Fines, penalties and forfeits	2	12	16	-	798	19	19	2	20	20	21
Licences or permits	2	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	2	91,138	109,880	118,289	96,781	96,781	96,781	61,354	100,811	102,775	105,965
Interest	2	9,012	10,152	10,954	7,095	7,095	7,095	8,014	7,357	7,600	7,843
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	(19,858)	-	-	-	-	-	-	-
Other Gains	2	1,496	309	3,966	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		**212,728**	**247,513**	**257,631**	**249,805**	**253,104**	**253,104**	**167,788**	**265,049**	**272,890**	**281,354**
Expenditure											
Employee related costs	2	73,697	83,433	71,388	84,594	-	-	51,697	87,724	90,619	93,519
Remuneration of councillors	2	5,369	5,563	5,743	5,234	-	-	3,898	5,479	5,660	5,841
Bulk purchases - electricity	2	(436,033)	42,700	62,290	44,924	-	-	25,355	47,036	48,588	50,143
Inventory consumed	2,8	(7,441)	9,207	13,082	3,529	3,100	3,100	2,284	4,513	4,666	4,813
Debt impairment	2,3	-	-	-	26,038	26,038	26,038	-	30,000	30,990	102,022
Depreciation, amortisation and impairment	2	44,694	29,244	40,347	31,347	-	-	-	15,708	16,226	16,745
Interest, Dividends and Rent on Land	2	16,417	22,278	52,814	14,616	-	-	20,745	16,592	17,140	17,688
Contracted services	2	15,149	10,969	18,172	16,423	-	-	25,119	26,147	25,977	26,808
Transfers and subsidies	2	3,500	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	2	43	14,920	74,216	-	-	-	595	-	-	-
Operational costs	2	30,679	63,874	30,367	13,708	-	-	8,069	19,110	19,410	20,031
Disposal of Fixed and Intangible Assets	2	2,678	4,568	-	-	-	-	-	-	-	-
Other Losses	2	-	-	-	-	-	-	-	-	-	-
Total Expenditure		**(251,248)**	**286,754**	**368,418**	**240,412**	**29,138**	**29,138**	**137,763**	**252,309**	**259,276**	**337,610**
Surplus/(Deficit)		**463,976**	**(39,241)**	**(110,787)**	**9,393**	**223,966**	**223,966**	**30,025**	**12,740**	**13,614**	**(56,256)**
Transfers and subsidies - capital (monetary allocations)	6	36,249	11,632	8,557	46,192	46,192	46,192	-	37,697	50,558	52,413
Transfers and subsidies - capital (in-kind)	6	-	-	-	5,009	5,009	5,009	-	9,657	9,976	10,295
Surplus/(Deficit) after capital transfers & contributions		**500,225**	**(27,609)**	**(102,230)**	**60,594**	**275,167**	**275,167**	**30,025**	**60,094**	**74,148**	**6,452**
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		**500,225**	**(27,609)**	**(102,230)**	**60,594**	**275,167**	**275,167**	**30,025**	**60,094**	**74,148**	**6,452**
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		**500,225**	**(27,609)**	**(102,230)**	**60,594**	**275,167**	**275,167**	**30,025**	**60,094**	**74,148**	**6,452**
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	**500,225**	**(27,609)**	**(102,230)**	**60,594**	**275,167**	**275,167**	**30,025**	**60,094**	**74,148**	**6,452**

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

Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Single-year expenditure ***to be appropriated***	2										
Vote 1 - Executive & Council		14,723	–	(5,227)	435	–	–	3,944	519	536	553
Vote 2 - Finance & Administration		(3,525)	(14,451)	(1,109,670)	228	109	109	183,512	450	465	480
Vote 3 - Energy sources		8,356	3,734	9,050	4,213	4,213	4,213	39,829	3,728	3,851	3,975
Vote 4 - Environmental Protection		–	(868)	(1,571)	–	–	–	(3,043)	–	–	–
Vote 5 - Water Management		18,646	5,537	(87,442)	20,248	20,248	20,248	16,798	4,559	4,709	4,860
Vote 6 - Waste water management		2,074	487	(29,185)	9,856	9,856	9,856	(1,921)	23,605	24,384	25,164
Vote 7 - Road Transport		6,643	3,722	(8,872)	1,468	1,468	1,468	7,591	–	–	–
Vote 8 - Waste Management		–	2,755	(3,047)	–	–	–	1,759	–	–	–
Vote 9 - Fleet Management		–	–	(597)	–	1,530	1,530	–	1,800	1,859	1,919
Vote 10 - Community & Social Services		(18,019)	(13,014)	28,142	3,597	3,597	3,597	14,783	696	719	742
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		**28,897**	**(12,098)**	**(1,208,417)**	**40,044**	**41,021**	**41,021**	**263,253**	**35,356**	**36,523**	**37,692**
Total Capital Expenditure - Vote		**28,897**	**(12,098)**	**(1,208,417)**	**40,044**	**41,021**	**41,021**	**263,253**	**35,356**	**36,523**	**37,692**
Capital Expenditure - Functional											
Governance and administration		**11,198**	**(15,319)**	**(1,117,064)**	**663**	**1,639**	**1,639**	**184,413**	**2,769**	**2,860**	**2,951**
Executive and council		14,723	–	(5,227)	435	–	–	3,944	519	536	553
Finance and administration		(3,525)	(14,451)	(1,110,267)	228	1,639	1,639	183,512	2,250	2,324	2,399
Internal audit		–	(868)	(1,571)	–	–	–	(3,043)	–	–	–
Community and public safety		**450**	**–**	**156**	**3,597**	**3,597**	**3,597**	**14,783**	**696**	**719**	**742**
Community and social services		–	–	8,332	–	–	–	8,347	–	–	–
Sport and recreation		450	–	(8,176)	3,597	3,597	3,597	6,437	696	719	742
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**(11,826)**	**(9,291)**	**19,114**	**1,468**	**1,468**	**1,468**	**7,591**	**–**	**–**	**–**
Planning and development		(18,469)	(13,014)	27,986	–	–	–	–	–	–	–
Road transport		6,643	3,722	(8,872)	1,468	1,468	1,468	7,591	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		**29,076**	**12,512**	**(110,623)**	**34,317**	**34,317**	**34,317**	**56,465**	**31,892**	**32,944**	**33,999**
Energy sources		8,356	3,734	9,050	4,213	4,213	4,213	39,829	3,728	3,851	3,975
Water management		18,646	5,537	(87,442)	20,248	20,248	20,248	16,798	4,559	4,709	4,860
Waste water management		2,074	487	(29,185)	9,856	9,856	9,856	(1,921)	23,605	24,384	25,164
Waste management		–	2,755	(3,047)	–	–	–	1,759	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	**28,897**	**(12,098)**	**(1,208,417)**	**40,044**	**41,021**	**41,021**	**263,253**	**35,356**	**36,523**	**37,692**
Funded by:											
National Government		36,138	16,204	(141,531)	39,382	39,382	39,382	61,036	32,316	33,382	34,450
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**36,138**	**16,204**	**(141,531)**	**39,382**	**39,382**	**39,382**	**61,036**	**32,316**	**33,382**	**34,450**
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		(7,240)	(28,302)	(1,072,521)	663	1,639	1,639	195,357	3,041	3,141	3,241
Total Capital Funding	7	**28,897**	**(12,098)**	**(1,214,052)**	**40,044**	**41,021**	**41,021**	**256,394**	**35,356**	**36,523**	**37,692**

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

FS161 Letsemeng - Table A6 Budgeted Financial Position

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 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 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
ASSETS											
Current assets											
Cash and cash equivalents	1	1,700	1,301	702	4,495	195,707	195,707	548	6,880	186,898	193,017
Short term Investments	2	–	–	–	–	–	–	–	–	–	–
Trade and other receivables from exchange transactions	3	169,824	234,917	(42,528)	450,331	451,246	451,246	13,313	34,567	82,814	15,255
Receivables from non-exchange transactions	3	37,127	66,843	130,065	71,699	71,699	71,699	146,306	197,439	202,861	209,353
Current portion of non-current receivables	4	755	978	1,244	–	–	–	1,310	–	–	–
Inventory	5	1,857	1,579	1,430	9,979	10,408	10,408	4,546	4,749	4,902	5,061
VAT Receivable	6	95,974	108,605	117,970	17,982	7,375	7,375	126,548	4,847	5,007	5,168
Other current assets	7	(5,386)	(55,965)	(43,002)	200	200	200	(43,002)	–	–	–
Total current assets		**301,850**	**358,258**	**165,882**	**554,686**	**736,634**	**736,634**	**249,570**	**248,482**	**482,483**	**427,853**
Non current assets											
Investments	8	–	–	–	–	–	–	–	288	298	307
Investment property	9	66,348	81,429	144,420	59,159	62,071	62,071	144,420	155,590	160,725	165,868
Property, plant and equipment	10	690,068	659,309	916,156	668,884	698,310	698,310	918,721	902,575	932,359	962,195
Biological assets	11	–	–	–	–	–	–	–	–	–	–
Living resources	12	–	–	–	–	–	–	–	–	–	–
Heritage assets	13	1,022	1,022	15	–	–	–	15	15	15	16
Intangible assets	14	(2,446)	(2,473)	–	91	77	77	–	100	103	107
Trade and other receivables from exchange transactions	15	–	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transactions	15	–	–	–	–	–	–	–	–	–	–
Other non-current assets	16	–	–	–	–	–	–	–	–	–	–
Total non current assets		**754,991**	**739,287**	**1,060,591**	**728,134**	**760,458**	**760,458**	**1,063,156**	**1,058,568**	**1,093,501**	**1,128,493**
TOTAL ASSETS		**1,056,841**	**1,097,545**	**1,226,473**	**1,282,821**	**1,497,092**	**1,497,092**	**1,312,725**	**1,307,050**	**1,575,983**	**1,556,346**
LIABILITIES											
Current liabilities											
Bank overdraft	17	1,182	1,182	–	–	–	–	–	–	–	–
Financial liabilities	18	(253)	(169)	1,040	318	318	318	1,144	–	–	–
Consumer deposits	19	1,082	1,131	1,214	1,131	1,131	1,131	1,260	1,214	1,254	1,294
Trade and other payables from exchange transactions	20	85,211	138,058	241,318	302,932	302,631	302,631	263,171	624,962	645,535	666,192
Trade and other payables from non-exchange transactions	21	230,603	226,439	219,757	(5,009)	(5,009)	(5,009)	244,842	9,657	10,252	10,850
Provision	22	15,737	19,468	13,783	–	–	–	13,783	1,252	1,294	1,335
VAT Payable	23	39,986	51,987	63,778	–	–	–	72,915	–	–	–
Other current liabilities	24	–	–	–	–	–	–	–	822	849	876
Total current liabilities		**373,548**	**438,097**	**540,889**	**299,372**	**299,071**	**299,071**	**597,116**	**637,907**	**659,183**	**680,547**
Non current liabilities											
Financial liabilities	25	330	618	–	300	300	300	–	–	–	–
Provision	26	4,247	4,247	76,675	27,103	27,103	27,103	76,675	84,742	87,538	90,340
Long term portion of trade payables	27	–	–	–	–	–	–	–	–	–	–
Other non-current liabilities	28	2,523	2,523	3,946	9,340	9,340	9,340	3,946	5,662	5,849	6,036
Total non current liabilities		**7,101**	**7,389**	**80,621**	**36,743**	**36,743**	**36,743**	**80,621**	**90,404**	**93,388**	**96,376**
TOTAL LIABILITIES		**380,649**	**445,486**	**621,510**	**336,115**	**335,814**	**335,814**	**677,737**	**728,312**	**752,571**	**776,923**
NET ASSETS		**676,192**	**652,060**	**604,963**	**946,705**	**1,161,278**	**1,161,278**	**634,988**	**578,738**	**823,413**	**779,423**
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	(648,291)	2,829,152	2,588,795	946,705	1,161,278	1,161,278	1,903,208	578,738	823,413	779,423
Reserves and funds	30	(15,358)	(15,358)	(15,358)	–	–	–	(15,358)	–	–	–
Other	31	(56)	(56)	(56)	–	–	–	(56)	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	32	**(663,706)**	**2,813,737**	**2,573,381**	**946,705**	**1,161,278**	**1,161,278**	**1,887,794**	**578,738**	**823,413**	**779,423**

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

FS161 Letsemeng - Table A7 Budgeted Cash Flows

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 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 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	–	24,166	24,166	24,166	–	32,385	36,875	38,055
Service charges		–	–	–	79,876	82,923	82,923	–	81,008	34,704	35,815
Other revenue		–	–	–	2,158	1,495	1,495	–	1,284	1,327	1,369
Transfers and Subsidies - Operational	1	57,773	80,006	76,561	96,781	96,781	96,781	95,414	93,711	102,775	105,965
Transfers and Subsidies - Capital	1	–	–	–	46,192	46,192	46,192	–	37,697	50,558	52,413
Interest		1	3	4	359	359	359	5	4,316	4,458	4,601
Dividends		–	–	–	17	17	17	–	18	18	19
Payments											
Suppliers and employees		158,638	158,638	169,956	(230,636)	(56,425)	(56,425)	169,956	(190,010)	(194,920)	(201,155)
Finance charges		–	–	–	(14,616)	–	–	–	(16,592)	(17,140)	(17,688)
Transfers and Subsidies	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**216,412**	**238,647**	**246,522**	**4,297**	**195,509**	**195,509**	**265,376**	**43,817**	**18,656**	**19,393**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Insurance Refund - Capital		–	–	–	–	–	–	–	–	–	–
Interest on Short Term Investment (Greater then 90 days) and Long Term Investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		–	–	–	(46,051)	(47,192)	(47,192)	–	(37,163)	(38,389)	(39,618)
Retention (Capital)		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**–**	**–**	**(46,051)**	**(47,192)**	**(47,192)**	**–**	**(37,163)**	**(38,389)**	**(39,618)**
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		**216,412**	**238,647**	**246,522**	**(41,753)**	**148,317**	**148,317**	**265,376**	**6,654**	**(19,734)**	**(20,225)**
Cash/cash equivalents at the year begin:	2	**–**	**(0)**	**(0)**	**198**	**198**	**198**	**(0)**	**225**	**6,880**	**(12,854)**
Cash/cash equivalents at the year end:	2	**216,412**	**238,647**	**246,521**	**(41,556)**	**148,515**	**148,515**	**265,376**	**6,880**	**(12,854)**	**(33,079)**

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

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

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 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 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Cash and investments available											
Cash/cash equivalents at the year end	1	216,412	238,647	246,521	(41,556)	148,515	148,515	265,376	6,880	(12,854)	(33,079)
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Non current Investments	1	–	–	–	–	–	–	–	288	298	307
Cash and investments available:		**216,412**	**238,647**	**246,521**	**(41,556)**	**148,515**	**148,515**	**265,376**	**7,168**	**(12,556)**	**(32,771)**
Application of cash and investments											
Unspent conditional transfers		186,126	181,864	186,789	(5,009)	(5,009)	(5,009)	211,874	(7,100)	(31,368)	(32,372)
Unspent borrowing											
Statutory requirements	2	(8,851)	(6,690)	(17,427)	(8,800)	5,783	5,783	(18,443)	(26,306)	(27,174)	(28,043)
Other working capital requirements	3	85,211	138,058	241,318	107,387	101,888	101,888	263,171	(221,008)	501,044	552,459
Other provisions		15,737	19,468	13,783	–	–	–	13,783	1,252	1,294	1,335
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	15,414	15,414	15,414	–	–	–	15,414	–	–	–
Total Application of cash and investments:		**293,638**	**348,115**	**439,877**	**93,578**	**102,661**	**102,661**	**485,800**	**(253,161)**	**443,795**	**493,378**
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		**(77,226)**	**(109,468)**	**(193,356)**	**(135,134)**	**45,854**	**45,854**	**(220,424)**	**260,329**	**(456,351)**	**(526,150)**
Creditors transferred to Debt Relief - Non-Current portion		–	–	–	–	–	–	–	–	–	–
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		**(77,226)**	**(109,468)**	**(193,356)**	**(135,134)**	**45,854**	**45,854**	**(220,424)**	**260,329**	**(456,351)**	**(526,150)**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

Explanatory Note for Table A9

FS161 Letsemeng - Table A9 Asset Management

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CAPITAL EXPENDITURE										
Total New Assets	1	**88,244**	**69,911**	**207,545**	**13,127**	**14,104**	**14,104**	**6,519**	**6,734**	**6,949**
Roads Infrastructure		12,066	12,066	106,084	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		20,799	24,533	39,255	–	–	–	3,478	3,593	3,708
Water Supply Infrastructure		1,038	1,038	2,045	–	–	–	–	–	–
Sanitation Infrastructure		14,595	14,595	–	8,275	8,275	8,275	–	–	–
Solid Waste Infrastructure		730	730	1,759	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***49,228***	***52,962***	***149,143***	***8,275***	***8,275***	***8,275***	***3,478***	***3,593***	***3,708***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	3,494	2,609	2,609	2,609	–	–	–
Community Assets		–	–	***3,494***	***2,609***	***2,609***	***2,609***	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		(1,537)	(1,525)	–	32	18	18	100	103	107
Intangible Assets		***(1,537)***	***(1,525)***	–	***32***	***18***	***18***	***100***	***103***	***107***
Computer Equipment		**(728)**	**(12,039)**	**(162)**	**196**	**91**	**91**	**350**	**362**	**373**
Furniture and Office Equipment		**(10,466)**	**(24,344)**	**(662)**	–	–	–	–	–	–
Machinery and Equipment		**6,802**	**6,832**	–	**1,581**	**1,581**	**1,581**	**272**	**281**	**290**
Transport Assets		**868**	**868**	**8,332**	**435**	**1,530**	**1,530**	**2,319**	**2,395**	**2,472**
Land		**44,078**	**47,158**	**47,401**	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	**278,494**	**283,599**	**62,297**	**26,917**	**26,917**	**26,917**	**28,837**	**29,789**	**30,742**
Roads Infrastructure		24,152	27,874	7,591	1,468	1,468	1,468	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	4,537	4,687	4,837
Electrical Infrastructure		5,673	5,673	–	4,213	4,213	4,213	–	–	–
Water Supply Infrastructure		93,713	99,220	7,231	20,248	20,248	20,248	19,813	20,467	21,122
Sanitation Infrastructure		8,467	8,953	487	–	–	–	3,792	3,917	4,042
Solid Waste Infrastructure		1,321	4,076	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***133,325***	***145,795***	***15,309***	***25,929***	***25,929***	***25,929***	***28,142***	***29,070***	***30,001***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		11,670	11,670	–	988	988	988	696	719	742
Community Assets		***11,670***	***11,670***	–	***988***	***988***	***988***	***696***	***719***	***742***

MTREF 2026/2027 Financial Year

Total Capital Expenditure	4	1,481,203	1,469,105	260,688	40,044	41,021	41,021	35,356	36,523	37,692
Roads Infrastructure		1,126,218	1,130,890	96,274	1,468	1,468	1,468	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	4,537	4,687	4,837
Electrical Infrastructure		29,599	33,333	39,255	4,213	4,213	4,213	3,478	3,593	3,708
Water Supply Infrastructure		95,033	100,540	17,508	20,248	20,248	20,248	19,813	20,467	21,122
Sanitation Infrastructure		34,034	34,521	487	8,275	8,275	8,275	3,792	3,917	4,042
Solid Waste Infrastructure		2,051	4,806	1,759	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***1,286,936***	***1,304,090***	***155,283***	***34,204***	***34,204***	***34,204***	***31,620***	***32,663***	***33,709***
Community Facilities		2,647	2,647	15	–	–	–	–	–	–
Sport and Recreation Facilities		11,670	11,670	3,494	3,597	3,597	3,597	696	719	742
Community Assets		***14,317***	***14,317***	***3,509***	***3,597***	***3,597***	***3,597***	***696***	***719***	***742***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		138,753	131,388	46,988	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***138,753***	***131,388***	***46,988***	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		(531)	(518)	–	32	18	18	100	103	107
Intangible Assets		***(531)***	***(518)***	–	***32***	***18***	***18***	***100***	***103***	***107***
Computer Equipment		**(728)**	**(12,039)**	**(162)**	**196**	**91**	**91**	**350**	**362**	**373**
Furniture and Office Equipment		**(10,466)**	**(24,344)**	**(662)**	–	–	–	–	–	–
Machinery and Equipment		**7,976**	**8,186**	–	**1,581**	**1,581**	**1,581**	**272**	**281**	**290**
Transport Assets		**868**	**868**	**8,332**	**435**	**1,530**	**1,530**	**2,319**	**2,395**	**2,472**
Land		**44,078**	**47,158**	**47,401**	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		**1,481,203**	**1,469,105**	**260,688**	**40,044**	**41,021**	**41,021**	**35,356**	**36,523**	**37,692**
ASSET REGISTER SUMMARY - PPE (WDV)	5	600,064	569,267	995,139	690,334	722,657	722,657	1,037,584	1,071,824	1,098,040
Roads Infrastructure		1,011,527	982,065	232,882	51,575	55,054	55,054	159,654	164,923	170,201
Storm water Infrastructure		(15)	(15)	(15)	26,188	27,527	27,527	3,413	3,525	3,638
Electrical Infrastructure		30,280	31,391	(36,423)	191,469	192,689	192,689	131,862	136,214	140,573
Water Supply Infrastructure		(583,318)	(571,582)	375,669	162,626	165,162	165,162	340,559	351,797	363,055
Sanitation Infrastructure		15	15	155,634	53,518	55,054	55,054	158,688	163,925	169,170
Solid Waste Infrastructure		–	–	–	25,029	27,527	27,527	176	182	188
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	(3,580)	–	–	–	–	–
Information and Communication Infrastructure		6,017	7,167	1,458	52,714	55,145	55,145	(1,285)	(1,327)	(1,370)
Infrastructure		***464,507***	***449,042***	***729,207***	***559,539***	***578,159***	***578,159***	***793,068***	***819,239***	***845,455***
Community Assets		1,754	888	40,118	51,615	52,836	52,836	38,897	40,181	40,181
Heritage Assets		1,022	1,022	15	–	–	–	15	15	15
Investment properties		**66,348**	**81,429**	**144,420**	**59,159**	**62,071**	**62,071**	**155,590**	**160,725**	**160,725**
Other Assets		9,955	(9,527)	28,024	(3,387)	–	–	(387)	(400)	(400)
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		(2,446)	(2,473)	–	91	77	77	100	103	103
Computer Equipment		–	–	(1,008)	8,512	9,360	9,360	(458)	(474)	(474)
Furniture and Office Equipment		5,926	(7,404)	(719)	182	182	182	–	–	–
Machinery and Equipment		8,053	8,263	2,045	(1,597)	1,944	1,944	(3,883)	(4,012)	(4,012)
Transport Assets		868	868	5,636	(278)	1,530	1,530	7,242	7,481	7,481
Land		44,078	47,158	47,401	16,498	16,498	16,498	47,401	48,965	48,965
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Living Resources		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**600,064**	**569,267**	**995,139**	**690,334**	**722,657**	**722,657**	**1,037,584**	**1,071,824**	**1,098,040**
EXPENDITURE OTHER ITEMS		**42,141**	**2,534**	**18,119**	**33,050**	–	–	**21,206**	**21,905**	**22,606**
Depreciation	7	40,026	39	15,708	31,347	–	–	15,708	16,226	16,745
Repairs and Maintenance by Asset Class	3	**2,115**	**2,495**	**2,411**	**1,703**	–	–	**5,498**	**5,679**	**5,861**
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		1,901	1,745	(568)	320	–	–	798	824	851
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	600	–	–	3,100	3,202	3,305
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***1,901***	***1,745***	***(568)***	***920***	–	–	***3,898***	***4,027***	***4,155***
Community Facilities		189	–	112	365	–	–	600	620	640
Sport and Recreation Facilities		–	150	–	157	–	–	200	207	213
Community Assets		***189***	***150***	***112***	***522***	–	–	***800***	***826***	***853***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		**10**	**600**	**1,567**	**261**	–	–	**800**	**826**	**853**
Transport Assets		**14**	–	**1,299**	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		**42,141**	**2,534**	**18,119**	**33,050**	–	–	**21,206**	**21,905**	**22,606**
Renewal and upgrading of Existing Assets as % of total capex		*94.0%*	*95.2%*	*20.4%*	*67.2%*	*65.6%*	*65.6%*	*81.6%*	*81.6%*	*81.6%*
Renewal and upgrading of Existing Assets as % of deprecn		*3480.1%*	*3546752.4%*	*338.3%*	*85.9%*	*0.0%*	*0.0%*	*183.6%*	*183.6%*	*183.6%*
R&M as a % of PPE & Investment Property		*0.4%*	*0.4%*	*0.2%*	*0.2%*	*0.0%*	*0.0%*	*0.5%*	*0.5%*	*0.5%*
Renewal and upgrading and R&M as a % of PPE and Investment Property		*231.9%*	*245.6%*	*5.6%*	*4.1%*	*3.7%*	*3.7%*	*3.3%*	*3.3%*	*3.3%*

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.

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 a time schedule that sets out the process to revise the IDP and prepare the annual budget.

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 polices that must be approved together with the budget related policies below:

2.4.1. Credit Control and Debt Collection Policy

The number of indigents registered for the financial year 2025-26 is very low. We are encouraging consumers that qualify for indigent to come forward to register for indigent at the different municipal offices. The process for indigent registration has already started in various towns.
Council is encouraging community to annually update their indigent status. The credit control and debt collection policy was reviewed to include the notice period before services are cut, the current policy did not have a notice period.

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 approved 9.01% for 2026/2027 Financial Year.

2.4.3. Indigent Support Policy

The threshold for current indigent is **R6 000** based on different social grants (pensioners, grant in aid, foster child, and care dependency), the threshold will remain the same for 2026/2027 Financial year. Municipality has reviewed the indigent support policy.

2.5. Overview of 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 2026-27 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 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 grants are spent fully based on conditions of the grants.

DORA GRANTS ALLOCATIONS FOR LETSEMENG MUNICIPALITY FOR 2026/27

DORA GRANT	ALLOCATED AMOUNT
Equitable Share	R 96 491 000
Water Services Infrastructure Grant	R 23 000 000
Municipal Infrastructure Grant	R 10 697 000
Municipal Infrastructure Grant (Allocation in Kind – Schedule 6B Grant)	R 9 576 000
Integrated National Electrification Programme	R 4 000 000
Integrated National Electrification Grant (Allocation in Kind – Grant paid to Eskom)	R 81 000
Financial Management Grant	R 3 000 000
Expanded Public Works Programme	R 1 320 000

All the grants allocated are conditional i.e. have to meet the conditions 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 with the Municipal Manager's consultation and with concurrence of the Municipal Manager must review the structure of their respective departments.

(a) Employee costs will increase from **R 84 594 234** (2025-26 adjustment budget) to **R 87 724 226.**

(b) The Council Remuneration will increase from **R 5 283 923 to R 5 479 428** for the financial period 2026-27.

2.8. Monthly targets of revenue, expenditure, and cash flow

The municipality has over the years been able to bill all its budgeted revenue. This meant that the municipality had to prioritize 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 is at a draft stage and will be completed after adoption of the annual budget 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 35 820 500**
(Vat Exclusive in line with MSCOA Circular)	
And it is funded from the following funding sources	
Municipal Water System Infrastructure Grant is allocated at	: **R 23 000 000**
Municipal Infrastructure Grant is allocated	: **R 10 697 000**
Integrated National Electrification Programme	: **R 4 000 000**
Internally generated funds amount to	: **R 3 040 500**

2.12. Legislation compliance

There has been substantial improvement in terms of compliance. Reporting to National Treasury in electronic format was fully complied with monthly 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 (Budget Amount – R 3 000 000)

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

2.12.3. Budget and Treasury Office

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

2.12.4. Audit Committee

Municipality make use of the in-house Audit Committee, which was appointed in 2024/2025 Financial year, for a period of 3 years.

2.12.5. Service Delivery Budget and Implementation Plan

In terms of Municipal Budget and reporting regulations, draft SDBIP must accompany the tabled budget, the final SDBIP must be approved within 28 days after the approval of the budget.

2.13. Other supporting documents

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

- Tariff List
- MFMA Circular 134
- Indigent Policy
- Credit control and debt collection policy

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 COUNCIL / LETSEMENG RAAD

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Quality Certificate for 2026-27 tabled Annual Budget

I, ***Sindiswa Maneli*** the Acting Municipal Manager of Letsemeng Local Municipality (FS161), hereby certify that the annual budget for the 2026-27 financial year has 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.

Name	: Sindiswa Maneli
Municipality and Code	: Letsemeng Local Municipality FS161
Date	: 28 May 2026
Signature	:

LETSEMENG LOCAL MUNICIPALITY