

# **SEKHUKHUNE DISTRICT MUNICIPALITY**



# **FINAL BUDGET 2023-24 MTREF BUDGET BOOK**

DC47 Sekhukhune District Municipality 2023/24 MTREF Final Annual Budget

**Abbreviations and Acronyms**

BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act		
EE	Employment Equity	NGO	Non-Governmental organizations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
		OP	Operational Plan
GRAP	General Recognized Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
IDP	Integrated Development Strategy	PPP	Public Private Partnership
IT	Information Technology	RG	Restructuring Grant
km	kilometer	SALGA	South African Local Government Association
DFS	Government Financial Statistics		
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator		
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act	DOE	Department of Energy
IGF	Internally Generated Funds	CBR	Cash Backed Reserves
FY	Full Year		

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## **PART 1 – Final Annual Budget & MTREF**

### **1.1 The Executive Mayor's Report**

The honourable speaker of council, the chief whip of council, members of the mayoral committee, honourable Councillors, the Chairperson of MPAC, the Chair of chairs, the Municipal manager and his administration team and every individual present here today,

Honourable speaker we are here today to table before this honourable council the final 2023/24 MTREF budget in line with section 24(1) of the Municipal Finance Management Act 56 Of 2003, which is the act that primarily provided guidance in the finalization of the 2023/24 MTREF budget, the applicable Municipal Budgeting and Reporting Regulations as Gazetted (No.32141) together with Circulars 122 & 123 of the MFMA were also considered during the preparation of this budget.

Honourable speaker we also wish to indicate that we table the final 2023/24 MTREF budget in very difficult economic conditions both locally and internationally.

Locally our country is currently experiencing the severe economic effects of the prolonged loading shedding by Eskom as our main provider of electricity, some businesses have closed shop while the survival of other businesses remain under threat. The country has experienced 207 days of load shedding in 2022 as compared to the 75 days of load shedding in 2021.

Households are also experiencing the severe economic effects as many have lost jobs while the cost of living remains very high and unsustainable.

The South African economy grew by an estimated 2.5 per cent in 2022. This is an upward revision from 1.9 per cent projection in the 2022 medium term budget , reflecting a better-than-expected outcome in the third quarter of 2022, at R 4.6 trillion, the size of our economy in 2022 was bigger than the pre-pandemic levels in real terms, evidence of a robust economic recovery even in the face of lingering COVID-19 scarring. However, the medium-term growth outlook has deteriorated. Real GDP growth is projected to average 1.4 per cent from 2023 to 2025, compared with 1.6 per cent estimated in October 2022.

The global growth estimates for 2023 have been revised lower. The International Monetary Fund projects global growth to slow from an estimated 3.4 per cent in 2022 to 2.9 per cent in 2023. Global economic risks remain high, including those related to the ongoing war in Ukraine, and could impede growth if they materialise. The reopening of the Chinese economy, however, may offer some reprieve by supporting a stronger rebound in global trade and demand.

The following macro-economic forecasts were considered when preparing the final 2023/24 MTREF budget:

<b>Macro-Economic Projections</b>					
<b>Fiscal Year</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Forecast</b>
<b>CPI Inflation</b>	4.9%	6.9%	5.3%	4.9%	4.7%

### **Revenue Budget**

The total annual revenue budget increases from R 1.7 billion to R 1.8 billion in the 2023/24 financial year and further increases to R 1.9 billion & R 2.1 billion in both 2024/25 and 2025/26 outer years.

The total capital revenue decreases from R 567 million to R 551 million in the 2023/24 financial year, the capital budget further increases to R 557 million & R 572 million in both the 2024/25 & 2025/26 outer years.

The service charge tariffs to increase by 5% in the 2023/24 financial year to adopt a cost reflective tariff approach as recommended both circulars 122 & 123 of the municipal finance management act.

The budget on Interest income increases from R 21 million to R 26 million in the 2023/24 financial year, the budget further increases to R 31 million and R 41 million in both the 2024/25 and 2025/26 outer years.

The weak economic growth has put pressure on consumers' ability to pay for services, while transfers from national government are growing more slowly into the 2023/24 MTREF, collection on billed revenue currently sits at 56.2% as at 31 March 2023 as the municipality continues to struggle in collecting from own revenue sources. Revenue collection strategies are currently being implemented though the municipality must move with speed in preserving the revenue base that is key in reducing the dependency on government grants and subsidies.

### **Total Expenditure**

Total annual capital expenditure budget decreases from R 612 million (2022/23) to R 593 million in the 2023/24 financial year. The capital budget decreases to R 579 million and increases to R 595 million in the 2024/25 & 2025/26 outer years.

The R 593 million total annual capital budget is funded through government grants amounting to R 551 million, the R 42 million balance is funded through own sources of revenue.

The total capital expenditure funded through conditional grants decreased from R 567 million to R 551 million in the 2023/24 financial year.

The MIG is allocated R 549 million for capital projects in the 2023/24 financial year and other funds have been budgeted for the MIG overheads and VIP sanitation. The MIG allocation increases R 601 million & R 629 million in both the 2024/25 & 2025/26 outer years.

Rural Road Asset Management Systems grant is allocated R 2.4 million in the 2023/24 financial year, the allocation increases to R 2.5 million and R 2.6 million in both the 2024/25 & 2025/26 outer years.

### **Operating Expenditure**

Total annual operational expenditure budget increases from R 1.1 billion to R 1.2 billion in the 2023/24 financial year.

The operational contractual obligations were given priority in effecting the budget assumptions on the municipal operations. Below is a summary of the operational contracts.

- ✓ Bulk Water purchases – R 153 million.
- ✓ Eskom – R 44.3 million.
- ✓ Security services – R 44 million.
- ✓ Depreciation and impairments – R 96 million.
- ✓ Fleet management – R 46.2 million.
- ✓ Operational maintenance – R 72 million.
- An amount of R 6.8 million has been allocated for legal fees.
- An amount R 9.3 million allocation as a grant to the Sekhukhune Development Agency.
- An allocation of R 20 million for lease costs (Property rentals and equipment rentals).

Honourable Speaker,

I'm hereby presenting before this honourable council the following documents for approval in line with section 24(1) of MFMA read with section 74 and 75(a) of MSA:

1. The 2023/24 MTREF Final Annual Budget.
2. The 2023/24 final budget related policies.
3. National Treasury MFMA budget circulars No.122 & 123.

Cllr Maleke Monkanyetji

The Executive Mayor

**COUNCIL RESOLUTION**

Council has in its Special council of the 31<sup>st</sup> of May 2023, resolved to approve the 2023/24 MTREF budget/IDP as per council resolution no **SC02/05/23** and make the budget available for implementation in the 2023/24 financial year and both the 2024/25 and 2025/26 outer years.

## 1.2 Executive Summary

### Legislative Background

In line with section 34 of the Municipal Systems Act (2000), a Municipal Council –

(a) must review its integrated development plan –

- (i) annually in accordance with an assessment of its performance measurements in terms of section 4(i), and
- (ii) to the extent that changing circumstances so demand, and

(b) may amend its integrated development plan in accordance with a prescribed process.

Municipalities are also required, in terms of chapter 4, section 24(1) of the Municipal Finance Management Act, to table an annual budget for approval by council at least 30 days before the start of the budget year. The municipality has prepared a final annual budget for the 2023/24 MTREF guided by the applicable municipal budgeting and reporting regulations together with circulars 122 & 123 of the MFMA as issued by the National Treasury.

### **IDP Review Roadmap**

- The IDP/Budget Framework and Process Plan for 2023-2024 was adopted by Council on the 30<sup>th</sup> July 2022.
- The Analysis Phase was done during the second quarter of 2022-2023 financial year.
- The Strategic Planning Session was held from 21<sup>st</sup> – 23<sup>th</sup> March 2023.

The following macro-economic forecasts were considered during the preparation of the 2023/24 MTREF annual draft budget.

<b>Fiscal Year</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Consumer Price Index</b>	5.3%	4.9%	4.7%

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.



## **1) Budget Assumptions**

### National Assumptions

- Cost containment measures as per Government Gazette No 41445 issued in February 2019.
- Local Government Grants allocations as per Division of Revenue Bill as per Government Gazette No 48017 issued in February 2023.
- Remuneration for upper limits for council remuneration and senior management.
- Employee related cost guided by the current applicable collective agreement.
- MFMA Circulars 122 & 123.
- Real GDP growth is projected to average 1.4 per cent from 2023 to 2025.

### District Assumptions

1. Economic effects of the prolonged load shedding on household income and payment of municipal services.
2. Reduction of the R 345 million municipal debt through settlements agreements and possible write-offs.
3. Implementation of the cost recovery measures on water supply.
4. Implementation of the credit control policy and revenue enhancement strategy.
5. Maintenance of the aging infrastructure network.

### Operational Assumptions

1. 6% annual increment on the salary bill for the 2023/24 financial year as per circular 122.
2. 5% annual increase on tariffs for service charges over the 2023/24 MTREF.
3. Implementation of the cost recovery measures on water supply.
4. Implementation of the credit control policy and revenue enhancement strategy.
5. Reduction of the operational expenditure and reprioritization on investments in capital projects.

DC47 Sekhukhune District Municipality 2023/24 MTREF Final Annual Budget

**ANNUAL OPERATING REVENUE BUDGET**

Operating Revenue		Approved Annual Budget 2022/2023	Budget Adjustments 2022/23	Adjusted Annual Budget 2022/2023	Approved Annual Budget 2023/24	Approved Annual Budget 2024/25	Approved Annual Budget 2025/26
	Service Charges - Water Services	103 570 014.45	-	103 570 014.00	- 109 059 224.74	- 114 403 126.75	- 119 780 073.71
	Interest income	21 659 404.48	-	21 659 404.00	- 26 991 908.32	- 31 170 140.15	- 41 594 349.45
	Other revenue	17 876 170.20	-	17 876 171.00	- 18 823 608.06	- 19 745 964.86	- 20 674 025.21
	Operational Grants	1 087 843 560.00	-	- 1 052 092 310.50	- 1 118 176 990.00	- 1 261 384 458.30	- 1 359 398 232.65
	<b>Total</b>	<b>1 230 949 149.13</b>	<b>-</b>	<b>- 1 195 197 899.50</b>	<b>- 1 273 051 731.12</b>	<b>- 1 426 703 690.07</b>	<b>- 1 541 446 681.02</b>

**ANNUAL CAPITAL REVENUE BUDGET**

Capital Revenue		Approved Annual Budget 2022/2023	Budget Adjustments 2022/23	Adjusted Annual Budget 2022/2023	Approved Annual Budget 2023/24	Approved Annual Budget 2024/25	Approved Annual Budget 2025/26
	Municipal Infrastructure Grant	466 625 440.00	-	513 329 248.50	- 549 148 010.00	- 497 890 541.70	- 510 043 767.35
	Rural Road Asset Management Systems	2 451 000.00	-	2 451 000.00	- 2 460 000.00	- 2 571 000.00	- 2 686 000.00
	Water Services Infrastructure Grant	-	51 542 900.00	- 51 542 900.00	-	- 57 324 000.00	- 59 872 000.00
	<b>Total</b>	<b>469 076 440.00</b>	<b>51 542 900.00</b>	<b>- 567 323 148.50</b>	<b>- 551 608 010.00</b>	<b>- 557 785 541.70</b>	<b>- 572 601 767.35</b>
<b>Total Annual Revenue Budget</b>		<b>1 700 025 589.13</b>	<b>51 542 900.00</b>	<b>- 1 762 521 048.00</b>	<b>- 1 824 659 741.12</b>	<b>- 1 984 489 231.77</b>	<b>- 2 114 048 448.37</b>

The total annual revenue increases from R 1.7 billion to R1.8 billion in the 2023/24 financial year and it further increases to R 1.9 billion & R 2.1 billion in both 2024/25 and 2025/26 outer years.

- Capital revenue decreases from R 567 million to R 557 million in the 2023/24 financial year, the capital revenue budget increases to R 557 million & R 572 million in both the 2024/25 & 2025/26 outer years.
- Service charges tariffs to increase by 5% in the current year to adopt a cost reflective tariff as recommended by circular 122 of the MFMA.
- Interest income increases to R 26 million in the 2023/24 financial year, the budget on the annual interest further increases to R 31 million and R 41 million in both the 2024/25 & 2025/26 outer years.

DC47 Sekhukhune District Municipality 2023/24 MTREF Final Annual Budget

<b>ANNUAL OPERATING EXPENDITURE BUDGET</b>						
<b>Description</b>	<b>Approved Annual Budget 2022/2023</b>	<b>Budget Adjustments 2022/23</b>	<b>Adjusted Annual Budget 2022/2023</b>	<b>Approved Annual Budget 2023/24</b>	<b>Approved Annual Budget 2024/25</b>	<b>Approved Annual Budget 2025/26</b>
Executive Council - Speaker's office	48 349 162.94	-	48 349 161.00	52 392 013.13	55 162 617.86	58 326 489.06
Executive Mayor's office	42 821 516.35	-	42 821 518.00	46 344 290.45	49 215 323.34	51 330 544.85
Municipal Manager's office	88 662 700.51	- 1 555 000.00	87 107 698.00	98 043 707.66	118 718 076.61	122 795 327.42
Budget and Treasury	206 871 302.45	- 23 013 410.92	183 521 893.00	193 248 553.32	202 326 317.44	212 063 212.87
Infrastructure and Water Services	571 510 778.55	- 42 055 242.77	498 708 735.73	539 974 269.11	656 447 965.42	732 832 899.48
Planning and Econ Development	19 209 120.37	-	18 357 519.00	21 926 954.01	24 741 339.56	27 159 420.89
Community services	76 902 219.91	- 3 100 000.00	73 702 221.00	77 608 438.71	81 411 252.21	85 237 581.06
Sekhukhune Development Agency	7 708 058.26	- 850 000.00	6 908 059.00	9 314 936.13	12 120 278.00	13 027 106.06
Corporate Services	148 550 876.71	39 672 680.00	190 223 556.00	191 893 641.94	203 116 616.21	213 978 724.31
	<b>1 210 585 736.05</b>	<b>- 30 900 973.69</b>	<b>1 149 700 360.73</b>	<b>1 230 746 804.46</b>	<b>1 403 259 786.65</b>	<b>1 516 751 306.00</b>

The total annual operational expenditure increases from R 1.1 billion to R 1.2 billion in the 2023/24 financial year.

The operational contractual obligations were given priority in effecting the budget assumptions on the municipal operations. Below is a summary of the operational contracts.

- Bulk Water purchases – R 175 million.
- Eskom – R 44.3 million.
- Security services – R 44 million.
- Depreciation and impairments – R 96 million.
- Fleet management – R 53 million.
- Operational maintenance – R 72 million.
- An amount of R 6.8 million has been allocated for legal fees.
- An amount R 10.8 million allocation as a grant to the SDA.
- An allocation of R 20 million for lease costs (Property rentals and equipment rentals).

**Annual Capital Budget**

<b>ANNUAL CAPITAL EXPENDITURE BUDGET</b>						
<b>Capital expenditure</b>	<b>Approved Annual Budget 2022/2023</b>	<b>Budget Adjustments 2022/23</b>	<b>Adjusted Annual Budget 2022/2023</b>	<b>Approved Annual Budget 2023/24</b>	<b>Approved Annual Budget 2024/25</b>	<b>Approved Annual Budget 2025/26</b>
Municipal Infrastructure Grant	466 625 440.00	-	513 329 247.00	549 148 010.00	497 890 541.70	510 043 767.35
Rural Road Asset Management Systems	2 451 000.00	-	2 451 000.00	2 460 000.00	2 571 000.00	2 686 000.00
Water Services Infrastructure Grant	-	51 542 900.00	51 542 900.00	-	57 324 000.00	59 872 000.00
FMG			500 000.00	-	-	-
EPWP			160 000.00	-	-	-
<b>Total</b>	<b>469 076 440.00</b>	<b>51 542 900.00</b>	<b>567 983 147.00</b>	<b>551 608 010.00</b>	<b>557 785 541.70</b>	<b>572 601 767.35</b>
Equitable Share	20 130 000.00	26 638 723.55	44 595 337.00	42 135 314.52	21 332 838.99	22 485 089.58
<b>Total</b>	<b>489 206 440.00</b>	<b>78 181 623.55</b>	<b>612 578 484.00</b>	<b>593 743 324.52</b>	<b>579 118 380.69</b>	<b>595 086 856.93</b>

The total annual capital expenditure budget decreases from R 612 million to R 593 million in the 2023/24 financial year. The capital budget decreases to R 579 million & increases to R 595 million in the 2024/25 & 2025/26 outer years.

The R 589 million total annual capital budget is funded through government grants amounting to R 551 million, the R 38 million balance is funded through own sources of revenue.

The total capital expenditure funded from conditional grants decreased from R 567 million to R 551 million in the 2023/24 financial year.

The Municipal Infrastructure Grant is allocated R 573 million for capital projects in the 2023/24 financial year and other funds have been budgeted for the MIG overheads and VIP sanitation. The MIG allocation increases R 601 million & R 629 million in both the 2024/25 & 2025/26 outer years.

Rural Road Asset Management Grant is allocated R 2.4 million in the 2023/24 financial year, the allocation increases to R 2.5 million and R 2.6 million in both the 2024/25 & 2025/26 outer years.

DC47 Sekhukhune District Municipality 2023/24 MTREF Final Annual Budget

**ANNUAL OPERATING REVENUE BUDGET**

Operating Revenue		Approved Annual Budget 2022/2023	Adjusted Annual Budget 2022/2023	Draft Annual Budget 2023/24	Draft Annual Budget 2024/25	Draft Annual Budget 2025/26
Service Charges - Water Services		103 570 014.45	- 103 570 014.00	- 109 059 224.74	- 114 403 126.75	- 119 780 073.71
Interest income		21 659 404.48	- 21 659 404.00	- 26 991 908.32	- 31 170 140.15	- 41 594 349.45
Other revenue		17 876 170.20	- 17 876 171.00	- 18 823 608.06	- 19 745 964.86	- 20 674 025.21
Operational Grants		1 087 843 560.00	- 1 052 092 310.50	- 1 118 176 990.00	- 1 261 384 458.30	- 1 359 398 232.65
<b>Total</b>		<b>1 230 949 149.13</b>	<b>- 1 195 197 899.50</b>	<b>- 1 273 051 731.12</b>	<b>- 1 426 703 690.07</b>	<b>- 1 541 446 681.02</b>

**ANNUAL CAPITAL REVENUE BUDGET**

Capital Revenue		Approved Annual Budget 2022/2023	Adjusted Annual Budget 2022/2023	Draft Annual Budget 2023/24	Draft Annual Budget 2024/25	Draft Annual Budget 2025/26
Municipal Infrastructure Grant		466 625 440.00	- 513 329 248.50	- 549 148 010.00	- 497 890 541.70	- 510 043 767.35
Rural Road Asset Management Systems		2 451 000.00	- 2 451 000.00	- 2 460 000.00	- 2 571 000.00	- 2 686 000.00
Water Services Infrastructure Grant		-	- 51 542 900.00	-	- 57 324 000.00	- 59 872 000.00
<b>Total</b>		<b>469 076 440.00</b>	<b>- 567 323 148.50</b>	<b>- 551 608 010.00</b>	<b>- 557 785 541.70</b>	<b>- 572 601 767.35</b>

<b>Total Annual Revenue Budget</b>	<b>1 700 025 589.13</b>	<b>- 1 762 521 048.00</b>	<b>- 1 824 659 741.12</b>	<b>- 1 984 489 231.77</b>	<b>- 2 114 048 448.37</b>
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**ANNUAL OPERATING EXPENDITURE BUDGET**

Operating expenditure		Approved Annual Budget 2022/2023	Adjusted Annual Budget 2022/2023	Draft Annual Budget 2023/24	Draft Annual Budget 2024/25	Draft Annual Budget 2025/26
Executive Council - Speaker's office		48 349 162.94	48 349 161.00	52 392 013.13	55 162 617.86	58 326 489.06
Executive Mayor's office		42 821 516.35	42 821 518.00	46 344 290.45	49 215 323.34	51 330 544.85
Municipal Manager's office		88 662 700.51	87 107 698.00	98 043 707.66	118 718 076.61	122 795 327.42
Budget and Treasury		206 871 302.45	183 521 893.00	193 248 553.32	202 326 317.44	212 063 212.87
Infrastructure and Water Services		571 510 778.55	498 708 735.73	539 974 269.11	656 447 965.42	732 832 899.48
Planning and Econ Development		19 209 120.37	18 357 519.00	21 926 954.01	24 741 339.56	27 159 420.89
Community services		76 902 219.91	73 702 221.00	77 608 438.71	81 411 252.21	85 237 581.06
Sekhukhune Development Agency		7 708 058.26	6 908 059.00	9 314 936.13	12 120 278.00	13 027 106.06
Corporate Services		148 550 876.71	190 223 556.00	191 893 641.94	203 116 616.21	213 978 724.31
<b>Total</b>		<b>1 210 585 736.05</b>	<b>1 149 700 360.73</b>	<b>1 230 746 804.46</b>	<b>1 403 259 786.65</b>	<b>1 516 751 306.00</b>

**ANNUAL CAPITAL EXPENDITURE BUDGET**

Capital expenditure		Approved Annual Budget 2022/2023	Adjusted Annual Budget 2022/2023	Draft Annual Budget 2023/24	Draft Annual Budget 2024/25	Draft Annual Budget 2025/26
Municipal Infrastructure Grant		466 625 440.00	513 329 247.00	549 148 010.00	497 890 541.70	510 043 767.35
Rural Road Asset Management Systems		2 451 000.00	2 451 000.00	2 460 000.00	2 571 000.00	2 686 000.00
Water Services Infrastructure Grant		-	51 542 900.00	-	57 324 000.00	59 872 000.00
FMG			500 000.00	-	-	-
EPWP			160 000.00	-	-	-
<b>Total</b>		<b>469 076 440.00</b>	<b>567 983 147.00</b>	<b>551 608 010.00</b>	<b>557 785 541.70</b>	<b>572 601 767.35</b>

Equitable Share		20 130 000.00	44 595 337.00	42 135 314.52	21 332 838.99	22 485 089.58
<b>Total</b>		<b>489 206 440.00</b>	<b>612 578 484.00</b>	<b>593 743 324.52</b>	<b>579 118 380.69</b>	<b>595 086 856.93</b>

<b>Total Annual Expenditure Budget</b>	<b>1 699 792 176.05</b>	<b>1 762 278 844.73</b>	<b>1 824 490 128.98</b>	<b>1 982 378 167.33</b>	<b>2 111 838 162.93</b>
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<b>Surplus/(Deficit)</b>	<b>- 233 413.08</b>	<b>- 242 203.27</b>	<b>- 169 612.14</b>	<b>- 2 111 064.43</b>	<b>- 2 210 285.43</b>
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The municipality's total operational revenue is R 1.2 billion and total operational expenditure is R 1.2 billion resulting in an operating surplus of R 109 thousand in the 2023/24 financial year as budgeted for, the surplus increases to R 409 thousand and R 621 thousand both in the 2024/25 and 2025/26 outer years.

### **1.3 Legislative background**

In terms of the Municipal Finance Management Act No. 56 of 2003 section 24 (1), the council of a municipality must for each financial year table an annual budget for the municipality at least 30 days before the start of that financial year.

In compliance with section 21 (b) of the MFMA, the executive mayor of Sekhukhune District Municipality did table in a council meeting held in July 2022 a time schedule outlining key deadlines for:

- (i) the preparation, tabling and approval of the annual budget;
- (ii) the annual review of :
  - The integrated development plan in terms of section 34 of the Municipal Systems Act; and
  - The budget-related policies;
- (iii) the tabling and adoption of any amendments to the Integrated Development Plan and the budget-related policies; and
- (iv) All consultative processes forming part of the processes referred to in Subparagraphs (i), (ii)

In compliance and adherence to the time schedule as adopted by council of the municipality and to comply with the MFMA requirement in terms of chapter 4 (Municipal Budgets), the Draft Annual Budget for 2023/24 and the MTREF was tabled before council for consultation with all relevant stakeholders in line with the budgeting principles, Sekhukhune District Municipality Budgeting policy, applicable legislations, MFMA circulars, Municipal Budget and Reporting Regulation and supporting documents as detailed below.

### **Budget principles and assumptions**

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's financial management strategies and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, considering the cost containment measures as approved by the cabinet, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. The municipality did consider MFMA budget circular 122 in the preparation on this budget and the MFMA Budget circulars issued in the previous years.

The municipality has reviewed its revenue enhancement strategies to ensure that they are crafted to address the current revenue collection challenges considering the current circumstances and

limitations within which the municipality operates. The current sources of revenue were reviewed to identify obstacles for revenue collection and strategies were put in place to improve and sustain collection of revenue from these sources. New available sources of revenue were also identified, and a plan of action was developed for implementation in the next financial years to start collecting revenue from such potential revenue sources.

National Treasury's MFMA Circulars No. 122 & 123 were used to guide the compilation of the 2022/23 and the MTREF Draft Annual Budget.

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

- The need to reprioritise infrastructure projects and necessary operational expenditure within the existing limited resources considering the cash flow realities and cash position of the municipality;
- The municipality's inability to generate enough own revenue to assist in addressing the infrastructure and other service delivery challenges in our communities.
- The maintenance of the total annual expenditure within the total available revenue to maintain the funding status.

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

- The draft annual budget for 2023/24 and the MTREF was prepared on a zero base principle, meaning that each item or programme was budgeted considering the specification of the projects and not the historical expenditure.
- The 2022/23 Adjusted Budget priorities and targets, as well as the base line allocations contained in that Adjustment Budget were considered as the upper limits for the new baselines for the 2022/23 annual budget where resources allow and necessary.
- Only programmes and capital projects contained in the municipality's Integrated Development Plan will be budgeted for during the 2022/23 MTREF to ensure that the budget remain an implementation tool for the municipality's IDP.
- For the 2022/23 financial year and throughout the MTREF, tariffs for property rates will be increased by 5% to make property rates affordable to our communities and to encourage debtors to pay their accounts.
- 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;

In view of the aforementioned, the following table is a consolidated overview of the 2023/24 Medium-term Revenue and Expenditure Framework as compared to the past budget year

**Consolidated Overview of the 2022/23 MTREF.**

<b>Consolidated Overview of the 2023/24 MTREF</b>				
<b>Description</b>	<b>Adjusted Annual Budget 2022/23</b>	<b>Approved Annual Budget 2023/24</b>	<b>Approved Annual Budget 2024/25</b>	<b>Approved Annual Budget 2025/26</b>
Total Annual Revenue Budget	1 762 521 048.00	1 824 659 741.12	1 984 489 231.77	2 114 048 448.37
Total Annual Operating Expenditure Budget	1 149 700 360.73	1 230 746 804.46	1 403 259 786.65	1 516 751 306.00
Operating Surplus/(Deficit)	612 820 687.27	593 912 936.66	581 229 445.12	597 297 142.36
Total Annual Capital Expenditure Budget	612 578 484.00	593 743 324.52	579 118 380.69	595 086 856.93
<b>Surplus/Deficit for the year</b>	<b>242 203.27</b>	<b>169 612.14</b>	<b>2 111 064.43</b>	<b>2 210 285.43</b>

Total annual Revenue increases from R 1.7 billion to R 1.8 billion in the 2023/24 financial year and increases to R 1.9 billion & R 2.1 billion in both 2024/25 and 2025/26 outer years.

Capital revenue decreases from R 612 million to R 593 million in the 2023/24 financial year, the capital budget increases to R 579 million & R 595 million in both the 2024/25 & 2025/26 outer years.

The service charge tariffs to increase by 5% in the 2023/24 budget year to adopt a cost reflective tariff as recommended by circular 122 of the MFMA.

Total operating expenditure for the 2023/24 budget year has been appropriated at R 1.2 billion and translate into an operating budgeted surplus of R 593 million as indicated.

This surplus is used to fund capital expenditure for 2023/24 budget year as indicated in the table above. The operating surplus for 2023/24 decreases by R 19 million as compared the 2022/23 operational surplus. The operating surplus decreases to R 581 million for 2024/25 budget year and increases to R 597 million in 2025/26 financial year. These surpluses will be used to fund capital projects for the two outer years.

The total capital budget for 2023/24 financial year amounts to R 593 million as compared to the 2022/23 adjusted capital budget of R 612 million. For both the 2024/25 and 2025/26 outer yes, the capital expenditure is budgeted at R 579 million and R 595 million respectively.



## **Operating Revenue Framework**

The need to generate sustainable revenue is essential to meet funding requirements for Sekhukhune District Municipality to continue improving the quality of services provided to its communities and to address the service delivery backlogs. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and high level of unemployment, inadequate town planning, and many other socio-economic challenges in our municipality which directly affects negatively the municipality's revenue generation and collection.

The expenditure required to address these challenges will always exceed available funding; hence difficult choices have to be made in relation to balance expenditures against realistically anticipated revenues. The municipal rates tariffs have increased by 5%. Council will continue with programmes and steps that will ensure an improvement in community cooperation and improved collection on Service charges rates as it is a major source of the municipality's own revenue. The municipality currently bill water and sanitation to major towns, business properties and government properties only.

In an attempt to ensure a strong revenue base, the municipality has also reviewed its revenue enhancement strategy to improve revenue collection in the 2023/24 financial year and the two outer years.

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

- National Treasury's guidelines and macroeconomic policy.
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges.
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service.
- Increase ability to extend new services and recover costs; (e.g. disconnection of services due to non-payment).
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

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The following table is a summary of the 2023/24 MTREF (classified by main revenue source).

**Summary of revenue classified by main revenue source:**

DC47 Sekhukhune - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>	1										
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity		-	-	-	-	-	-	-	-	-	-
Service charges - Water		81 947	72 888	80 128	88 834	88 834	88 834	65 475	93 542	98 125	102 737
Service charges - Waste Water Management		12 894	12 453	14 085	14 736	14 736	14 736	13 331	15 517	16 278	17 043
Sale of Goods and Rendering of Services		1 593	4 145	988	2 136	2 136	2 136	1 205	2 249	2 360	2 471
Interest earned from Receivables		16 996	12 937	16 325	15 221	15 221	15 221	23 490	16 028	16 813	17 604
Interest earned from Current and Non Current Assets		9 890	15 003	21 517	21 659	21 659	21 659	43 336	26 992	31 170	41 594
Operational Revenue		3	78 842	9	35	35	35	22	37	39	41
<b>Non-Exchange Revenue</b>											
Property rates		-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	3	3	3	-	3	4	4
Fines, penalties and forfeits		63	4	4	50	50	50	4	53	55	58
Transfer and subsidies - Operational		859 189	1 074 694	1 002 743	1 087 844	1 052 092	1 052 092	985 467	1 118 177	1 261 384	1 359 398
Gains on disposal of Assets		-	-	-	430	430	430	-	453	475	497
Other Gains		-	-	3	-	-	-	343	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>982 574</b>	<b>1 270 964</b>	<b>1 135 801</b>	<b>1 230 949</b>	<b>1 195 198</b>	<b>1 195 198</b>	<b>1 132 675</b>	<b>1 273 052</b>	<b>1 426 704</b>	<b>1 541 447</b>
Transfers and subsidies - capital (in-kind)		443 917	448 733	345 117	469 076	567 323	567 323	191 041	551 608	557 786	572 602
<b>Surplus/(Deficit) for the year</b>		<b>1 426 491</b>	<b>1 719 698</b>	<b>1 480 918</b>	<b>1 700 026</b>	<b>1 762 521</b>	<b>1 762 521</b>	<b>1 323 717</b>	<b>1 824 660</b>	<b>1 984 489</b>	<b>2 114 048</b>

The total annual revenue budget for the municipality excluding capital transfers amount to R 1.2 billion for the 2023/24 financial year, R 1.4 billion for 2024/25 and R 1.5 billion for 2025/26 outer years. The total amount for operational grants to be received for 2023/24 is R 1.1 billion. For the two outer years the total operational grants to be received amounts to R 1.2 billion and R 1.3 billion for 2023/24 and 2024/25 financial years respectively.

Revenue from government grants forms a significant percentage of the total operating revenue for the municipality for all of the 2023/24 MTREF. This clearly indicate that our municipality is dependent on government grants.

Revenue generated from service charges amount to R 109 million and the projected interest on service charges overdue accounts amounts to R 16 million in the 2023/24 financial year. The projected interests were calculated considering the current long outstanding accounts in the municipality's debtor's book.

The revenue from service charges is budgeted to increase to R 120 million over the 2023/24 MTREF.

Other Revenue amount to R 93 thousand for the 2023/24 budget year, R 98 thousand and R 103 thousand for both the 2024/25 and 2025/26 outer years respectively.

Other revenue consists of various items such as income received for selling tender documents, training academy, Refer to table SA1 under 2.14 (Other supporting documents) for more details.

## Operating Expenditure Framework

The municipality's expenditure framework for the 2023/24 budget and MTREF is informed by the following:

- The municipality's Spatial Development Framework.
- The infrastructure projects plan in the IDP to address the backlog and the repairs and maintenance plan.
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit.
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA.
- The capital programme is aligned to backlog eradication plan.
- Operational gains/ surpluses will be directed to funding the capital budget.
- Funding was allocated to only projects which have projects implementation plans to guard against underspending.
- The Demand management plan and procurement plan of the municipality.

The following table is a high level summary of the total operating annual budget for 2023/24 and MTREF (classified per main type of operating expenditure):

**Table 5 Summary of operating expenditure by standard classification item**

DC47 Sekhukhune - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>	1										
<b>Expenditure</b>											
Employee related costs		395 223	413 179	401 063	459 429	454 581	454 581	333 079	478 529	502 056	525 652
Remuneration of councillors		15 467	15 043	15 631	18 422	18 122	18 122	29 733	19 083	20 018	20 958
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-
Inventory consumed		25 651	24 308	22 906	191 075	166 994	166 994	18 835	185 067	224 718	269 084
Debt impairment		-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation		122 230	94 331	116 367	106 885	94 815	94 815	-	99 840	104 732	109 655
Interest		-	-	-	509	100	100	-	105	110	116
Contracted services		180 217	177 436	200 229	239 331	199 814	199 814	98 582	202 768	312 161	339 979
Transfers and subsidies		3 497	2 556	3 219	-	-	-	-	20 000	-	-
Irrecoverable debts written off		2 630	67	47 919	11 040	5 040	5 040	152	5 307	5 567	5 828
Operational costs		148 237	163 546	179 971	183 895	210 235	210 235	189 035	220 048	233 899	245 479
Losses on disposal of Assets		45 083	40 653	2 618	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>938 234</b>	<b>931 118</b>	<b>989 922</b>	<b>1 210 586</b>	<b>1 149 700</b>	<b>1 149 700</b>	<b>669 415</b>	<b>1 230 747</b>	<b>1 403 260</b>	<b>1 516 751</b>

## Employee Related Costs

The budget allocation for employee related costs for the 2023/24 financial year is **R 478 million**, which equalsto 39 per cent of the total operating expenditure.

The total budget employee related costs has increased from **R 454 million** in 2022/23 adjusted budget to **R 478 million** in 2023/24 which reflect a 6 per cent increase. This is as a result of the inclusion of the vacant positions which couldn't be filled during the 2022/23 financial year together with other new vacant positions which are budgeted to be filled in the 2023/24 financial year.

As part of the municipality's cost reprioritization and cash management strategy to make enough funds available to fund capital projects, non-critical vacancies on the municipal structure were not funded. In addition, expenditure for overtime was only budgeted for the municipal drivers, political offices personnel and traffic officersfor emergencies and strict measures has been put in place to ensure that it is not abused considering the cost containment measures as per MFMA circular number 82.

## Remuneration of Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act20 of 1998). The total budget for councillor allowances is **R 19 million** for 2023/24, **R 20 million** and **R 21 million** for 2024/25 and 2025/26 respectively.

## Debt Impairment

The provision of debt impairment for 2023/24 was determined based on the Debt Write-off Policy of the municipality. For the 2023/24 financial year this amount equates to **R 5 million**, increases to **R 5.5 million** in 2024/25 and further increases to **R 5.8 million** in 2025/26 respectively. This expenditure is projected for service charges debtors and is considered to be a non-cash flow item. This item is not cash funded as there is no service rendered that is associated with the billed debt and therefore no costs associated with rendering the services were determined, to require cash funding.

## Depreciation

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy and GRAP 17. The projections were made taking into consideration the municipality's assets value as recorded in the 2022/23 AFS and new acquisitions for the current year 2022/23 and 2023/24 budget year and theMTREF. Budget appropriations in this regard are **R 99 million** for the 2023/24 financial year and equates to 8 per cent of the total operating expenditure. It increases to **R 104 million** and **R 109 million** for 2024/25 and 2025/26 budget years respectively.

## Contracted Services

Contracted services comprises of security services, cleaning services, repairs and maintenance for infrastructureassets and operating leases for office equipment and machinery and maintenance of the landfill side. The budgeton contracted service is **R 202 million** for the 2023/24 financial year,

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it increases to **R 312 million** and increases further to **R 340 million** in the 2024/25 and 2025/26 outer years respectively.

Repairs and maintenance has been budgeted at 7% percent of the total operational budget for the 2023/24 financial year.

**Other Expenditure**

The municipality has also budgeted an amount of R 220 million on other general expenditure items for the 2023/24 financial year. The budget for the 2024/25 and 2025/26 is R 233 million and R 245 million for the generalexpenditure.

Furthermore, in compliance to the cost containment measures as approved by the cabinet, the municipality has reduced spending on excessive advertising, travelling, caterings, promotional materials and mandates that belong to other spheres of government for 2023/24 MTREF. For further details on other expenditure refer to table SA1.

**Capital expenditure**

The following table provides a breakdown of budgeted capital expenditure by vote:

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 01 - Speakers Office		-	-	-	-	-	-	-	-	-	-
Vote 02 - Executive Mayor's Office		-	-	-	-	162	162	-	-	-	-
Vote 03 - Municipal Manager Office		-	-	-	-	-	-	-	-	-	-
Vote 04 - Budget And Treasury		-	-	-	-	400	400	-	28 450	8 160	8 600
Vote 05 - Infrastructure And Water Services		390 198	421 394	350 715	488 656	607 430	607 430	176 041	563 293	570 008	585 387
Vote 06 - Planning And Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 07 - Community Services		-	-	-	-	317	317	-	200	250	300
Vote 08 - Sekhukhune Development Angancy		-	-	-	550	1 700	1 700	86	1 500	700	800
Vote 09 - Corporate Services		-	-	322	-	2 570	2 570	1 285	300	-	-
<b>Capital single-year expenditure sub-total</b>		<b>390 198</b>	<b>421 394</b>	<b>351 037</b>	<b>489 206</b>	<b>612 578</b>	<b>612 578</b>	<b>177 412</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>
<b>Total Capital Expenditure - Vote</b>		<b>390 198</b>	<b>421 394</b>	<b>351 037</b>	<b>489 206</b>	<b>612 578</b>	<b>612 578</b>	<b>177 412</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>

For the 2023/24 budget year an amount of R 593 million has been appropriated for the new capital expenditure, for both the 2024/25 and 2025/26 the budget has been appropriated at R 579 million and R 595 million respectively.

Infrastructure and Development vote is appropriated the highest allocation of R 563 million which amounts to 96 per cent of the total capital budget for 2023/24 financial year on construction of reservoirs and pipelines (Reticulation and Bulk), Budget and Treasury Office is allocated 3 per cent of the total capital

budget. The remaining 1 per cent is allocated to both the Executive Mayor's Office and Community Services departments.

### **2.3 DRAFT ANNUAL BUDGET TABLES (A2 to A10)**

The following are the ten main A schedule tables for the Draft budget of Sekhukhune District municipality for the 2023/24 MTREF.

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**Table MBRR A2 – Budgeted Financial Performance (Functional Classification)**

<b>DC47 Sekhukhune - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)</b>										
Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		1 427 200	1 720 899	1 482 517	1 700 026	1 762 521	1 762 521	1 824 660	1 984 489	2 114 048
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		1 427 200	1 720 899	1 482 517	1 700 026	1 762 521	1 762 521	1 824 660	1 984 489	2 114 048
Internal audit		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	1 427 200	1 720 899	1 482 517	1 700 026	1 762 521	1 762 521	1 824 660	1 984 489	2 114 048
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		466 709	426 099	552 871	612 158	625 726	625 726	659 531	709 950	743 732
Executive and council		159 845	149 418	154 479	179 833	178 278	178 278	196 780	223 096	232 452
Finance and administration		306 864	276 680	398 392	432 324	447 448	447 448	462 751	486 854	511 280
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		11 038	12 664	12 894	26 917	25 266	25 266	31 242	36 862	40 187
Planning and development		11 038	12 664	12 894	26 917	25 266	25 266	31 242	36 862	40 187
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		580 368	658 772	583 156	571 511	498 709	498 709	539 974	656 448	732 833
Energy sources		-	-	-	-	-	-	-	-	-
Water management		562 014	640 019	529 192	569 959	496 367	496 367	537 508	653 861	730 124
Waste water management		18 354	18 753	53 964	1 552	2 342	2 342	2 466	2 587	2 709
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	1 058 115	1 097 535	1 148 921	1 210 586	1 149 700	1 149 700	1 230 747	1 403 260	1 516 751
<b>Surplus/(Deficit) for the year</b>		369 085	623 364	333 596	489 440	612 821	612 821	593 913	581 229	597 297

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**Table MBRR A3 – Budgeted Financial Performance (Municipal Vote)**

<b>DC47 Sekhukhune - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)</b>										
Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
<b>Revenue by Vote</b>	1									
Vote 01 - Speakers Office		-	-	-	-	-	-	-	-	-
Vote 02 - Executive Mayor's Office		-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager Office		-	-	-	-	-	-	-	-	-
Vote 04 - Budget And Treasury		1 427 200	1 720 899	1 482 517	1 700 026	1 762 521	1 762 521	1 824 660	1 984 489	2 114 048
Vote 05 - Infrastructure And Water Services		-	-	-	-	-	-	-	-	-
Vote 06 - Planning And Economic Development		-	-	-	-	-	-	-	-	-
Vote 07 - Community Services		-	-	-	-	-	-	-	-	-
Vote 08 - Sekhukhune Development Angancy		-	-	-	-	-	-	-	-	-
Vote 09 - Corporate Services		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>1 427 200</b>	<b>1 720 899</b>	<b>1 482 517</b>	<b>1 700 026</b>	<b>1 762 521</b>	<b>1 762 521</b>	<b>1 824 660</b>	<b>1 984 489</b>	<b>2 114 048</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 01 - Speakers Office		35 236	36 276	39 147	48 349	48 349	48 349	52 392	55 163	58 326
Vote 02 - Executive Mayor's Office		31 158	31 994	34 633	42 822	42 822	42 822	46 344	49 215	51 331
Vote 03 - Municipal Manager Office		93 451	81 149	80 699	88 663	87 108	87 108	98 044	118 718	122 795
Vote 04 - Budget And Treasury		113 129	74 143	180 555	206 871	183 522	183 522	193 249	202 326	212 063
Vote 05 - Infrastructure And Water Services		580 368	658 772	583 156	571 511	498 709	498 709	539 974	656 448	732 833
Vote 06 - Planning And Economic Development		7 541	10 108	9 689	19 209	18 358	18 358	21 927	24 741	27 159
Vote 07 - Community Services		63 650	67 605	69 425	76 902	73 702	73 702	77 608	81 411	85 238
Vote 08 - Sekhukhune Development Angancy		3 497	2 556	3 205	7 708	6 908	6 908	9 315	12 120	13 027
Vote 09 - Corporate Services		130 085	134 931	148 411	148 551	190 224	190 224	191 894	203 117	213 979
<b>Total Expenditure by Vote</b>	2	<b>1 058 115</b>	<b>1 097 535</b>	<b>1 148 921</b>	<b>1 210 586</b>	<b>1 149 700</b>	<b>1 149 700</b>	<b>1 230 747</b>	<b>1 403 260</b>	<b>1 516 751</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>369 085</b>	<b>623 364</b>	<b>333 596</b>	<b>489 440</b>	<b>612 821</b>	<b>612 821</b>	<b>593 913</b>	<b>581 229</b>	<b>597 297</b>



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**Table MBRR A4 – Budgeted Financial Performance (Operational Revenue and Expenditure)**

DC47 Sekhukhune - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity		-	-	-	-	-	-	-	-	-	-
Service charges - Water		81 947	72 888	80 128	88 834	88 834	88 834	65 475	93 542	98 125	102 737
Service charges - Waste Water Management		12 894	12 453	14 085	14 736	14 736	14 736	13 331	15 517	16 278	17 043
Service charges - Waste Management		-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		1 593	4 145	988	2 136	2 136	2 136	1 205	2 249		2 471
Interest											
Interest earned from Receivables		16 996	12 937	16 325	15 221	15 221	15 221	23 490	16 028	16 813	17 604
Interest earned from Current and Non Current Assets		9 890	15 003	21 517	21 659	21 659	21 659	43 336	26 992	31 170	41 594
Licence and permits											
Operational Revenue		3	78 842	9	35	35	35	22	37	39	41
<b>Non-Exchange Revenue</b>											
Property rates		-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	3	3	3	-	3	4	4
Fines, penalties and forfeits		63	4	4	50	50	50	4	53	55	58
Licences or permits											
Transfer and subsidies - Operational		859 189	1 074 694	1 002 743	1 087 844	1 052 092	1 052 092	985 467	1 118 177	1 261 384	1 359 398
Interest											
Fuel Levy											
Operational Revenue											
Gains on disposal of Assets		-	-	-	430	430	430	-	453	475	497
Other Gains		-	-	3	-	-	-	343	-	-	-
Discontinued Operations											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>982 574</b>	<b>1 270 964</b>	<b>1 135 801</b>	<b>1 230 949</b>	<b>1 195 198</b>	<b>1 195 198</b>	<b>1 132 675</b>	<b>1 273 052</b>	<b>1 426 704</b>	<b>1 541 447</b>
<b>Expenditure</b>											
Employee related costs		395 223	413 179	401 063	459 429	454 581	454 581	333 079	478 529	502 056	525 652
Remuneration of councillors		15 467	15 043	15 631	18 422	18 122	18 122	29 733	19 083	20 018	20 958
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-
Inventory consumed		25 651	24 308	22 906	191 075	166 994	166 994	18 835	185 067	224 718	269 084
Debt impairment		-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation		122 230	94 331	116 367	106 885	94 815	94 815	-	99 840	104 732	109 655
Interest		-	-	-	509	100	100	-	105	110	116
Contracted services		180 217	177 436	200 229	239 331	199 814	199 814	98 582	202 768	312 161	339 979
Transfers and subsidies		3 497	2 556	3 219	-	-	-	-	20 000	-	-
Irrecoverable debts written off		2 630	67	47 919	11 040	5 040	5 040	152	5 307	5 567	5 828
Operational costs		148 237	163 546	179 971	183 895	210 235	210 235	189 035	220 048	233 899	245 479
Losses on disposal of Assets		45 083	40 653	2 618	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>938 234</b>	<b>931 118</b>	<b>989 922</b>	<b>1 210 586</b>	<b>1 149 700</b>	<b>1 149 700</b>	<b>669 415</b>	<b>1 230 747</b>	<b>1 403 260</b>	<b>1 516 751</b>
<b>Surplus/(Deficit)</b>		<b>44 340</b>	<b>339 846</b>	<b>145 879</b>	<b>20 363</b>	<b>45 498</b>	<b>45 498</b>	<b>463 260</b>	<b>42 305</b>	<b>23 444</b>	<b>24 695</b>
Transfers and subsidies - capital (monetary allocations)		443 917	448 733	345 117	469 076	567 323	567 323	191 041	551 608	557 786	572 602
<b>Surplus/(Deficit) for the year</b>		<b>488 965</b>	<b>789 781</b>	<b>492 594</b>	<b>489 440</b>	<b>612 821</b>	<b>612 821</b>	<b>657 044</b>	<b>593 913</b>	<b>581 229</b>	<b>597 297</b>

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**MBRR A5 – Budgeted Capital Expenditure (By Vote & Standard Classification)**

<b>DC47 Sekhukhune - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding</b>											
Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 01 - Speakers Office		-	-	-	-	-	-	-	-	-	-
Vote 02 - Executive Mayor's Office		-	-	-	-	162	162	-	-	-	-
Vote 03 - Municipal Manager Office		-	-	-	-	-	-	-	-	-	-
Vote 04 - Budget And Treasury		-	-	-	-	400	400	-	28 450	8 160	8 600
Vote 05 - Infrastructure And Water Services		390 198	421 394	350 715	488 656	607 430	607 430	176 041	563 293	570 008	585 387
Vote 06 - Planning And Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 07 - Community Services		-	-	-	-	317	317	-	200	250	300
Vote 08 - Sekhukhune Development Angancy		-	-	-	550	1 700	1 700	86	1 500	700	800
Vote 09 - Corporate Services		-	-	322	-	2 570	2 570	1 285	300	-	-
<b>Capital single-year expenditure sub-total</b>		<b>390 198</b>	<b>421 394</b>	<b>351 037</b>	<b>489 206</b>	<b>612 578</b>	<b>612 578</b>	<b>177 412</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>
<b>Total Capital Expenditure - Vote</b>		<b>390 198</b>	<b>421 394</b>	<b>351 037</b>	<b>489 206</b>	<b>612 578</b>	<b>612 578</b>	<b>177 412</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		-	-	322	-	3 449	3 449	1 285	28 950	8 410	8 900
Executive and council		-	-	-	-	162	162	-	-	-	-
Finance and administration		-	-	322	-	3 287	3 287	1 285	28 950	8 410	8 900
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	550	1 700	1 700	86	1 500	700	800
Planning and development		-	-	-	550	1 700	1 700	86	1 500	700	800
<b>Trading services</b>		<b>390 198</b>	<b>421 394</b>	<b>350 715</b>	<b>488 656</b>	<b>607 430</b>	<b>607 430</b>	<b>176 041</b>	<b>563 293</b>	<b>570 008</b>	<b>585 387</b>
Water management		390 198	421 394	348 531	488 656	607 430	607 430	176 041	563 293	570 008	585 387
Waste water management		-	-	2 184	-	-	-	-	-	-	-
<b>Other</b>											
<b>Total Capital Expenditure - Functional</b>	3	<b>390 198</b>	<b>421 394</b>	<b>351 037</b>	<b>489 206</b>	<b>612 578</b>	<b>612 578</b>	<b>177 412</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>
<b>Funded by:</b>											
National Government		386 878	398 319	307 774	469 076	567 983	567 983	167 423	551 608	557 786	572 602
<b>Transfers recognised - capital</b>	4	<b>386 878</b>	<b>398 319</b>	<b>307 774</b>	<b>469 076</b>	<b>567 983</b>	<b>567 983</b>	<b>167 423</b>	<b>551 608</b>	<b>557 786</b>	<b>572 602</b>
<b>Borrowing</b>	6										
<b>Internally generated funds</b>		3 320	23 075	43 263	20 130	44 595	44 595	9 989	42 135	21 333	22 485
<b>Total Capital Funding</b>	7	<b>390 198</b>	<b>421 394</b>	<b>351 037</b>	<b>489 206</b>	<b>612 578</b>	<b>612 578</b>	<b>177 412</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>

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**Table MBRR A6 - Budgeted Financial Position**

DC47 Sekhukhune - Table A6 Budgeted Financial Position											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash and cash equivalents		180 698	366 047	158 794	271 872	449 724	449 724	158 614	406 790	508 642	875 822
Trade and other receivables from exchange transactions	1	124 776	175 660	52 984	94 223	94 223	94 223	114 437	544 395	537 525	508 117
Receivables from non-exchange transactions	1	-	-	-	-	-	-	-	-	-	-
Current portion of non-current receivables											
Inventory	2	31 702	31 384	58 182	119 202	143 284	143 284	67 861	212 431		38 368
VAT		80 609	127 116	157 061	-	-	-	159 521	50 851	53 342	55 849
Other current assets		13 723	13 719	18 880	74 279	224 279	224 279	19 177	91 582	78 527	69 004
<b>Total current assets</b>		<b>431 508</b>	<b>713 925</b>	<b>445 900</b>	<b>559 576</b>	<b>911 509</b>	<b>911 509</b>	<b>519 610</b>	<b>1 306 049</b>	<b>1 251 595</b>	<b>1 547 162</b>
<b>Non current assets</b>											
Investments		(118 292)	(128 644)	239 925	-	-	-	764 223	-	-	-
Investment property											
Property, plant and equipment	3	3 671 056	4 000 589	4 627 430	3 772 527	3 894 829	3 894 829	4 794 885	3 875 563	4 022 621	4 200 840
Intangible assets		-	-	-	-	1 500	1 500	-	1 500	700	800
<b>Total non current assets</b>		<b>3 552 764</b>	<b>3 871 945</b>	<b>4 867 356</b>	<b>3 772 527</b>	<b>3 896 329</b>	<b>3 896 329</b>	<b>5 559 108</b>	<b>3 877 063</b>	<b>4 023 321</b>	<b>4 201 640</b>
<b>TOTAL ASSETS</b>		<b>3 984 272</b>	<b>4 585 870</b>	<b>5 313 256</b>	<b>4 332 102</b>	<b>4 807 838</b>	<b>4 807 838</b>	<b>6 078 718</b>	<b>5 183 112</b>	<b>5 274 916</b>	<b>5 748 801</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Consumer deposits		4 371	4 624	4 876	4 315	4 315	4 315	5 179	4 209	4 426	4 739
Trade and other payables from exchange transactions	4	391 847	463 247	529 901	254 290	197 105	197 105	436 122	155 000	138 551	139 928
Trade and other payables from non-exchange transactions	5	68 934	30 315	48 760	20 000	100 000	100 000	351 286	100 000	104 900	109 830
VAT		52 855	66 000	61 179	-	-	-	72 705	-	-	-
<b>Total current liabilities</b>		<b>518 008</b>	<b>564 187</b>	<b>644 716</b>	<b>278 604</b>	<b>301 420</b>	<b>301 420</b>	<b>865 292</b>	<b>259 209</b>	<b>247 876</b>	<b>254 497</b>
<b>Non current liabilities</b>											
Financial liabilities	6	-	-	420	-	-	-	420	-	-	-
Provision	7	17 687	20 839	22 543	19 486	19 486	19 486	22 056	54 003	53 775	56 690
<b>Total non current liabilities</b>		<b>17 687</b>	<b>20 839</b>	<b>22 963</b>	<b>19 486</b>	<b>19 486</b>	<b>19 486</b>	<b>22 475</b>	<b>54 003</b>	<b>53 775</b>	<b>56 690</b>
<b>TOTAL LIABILITIES</b>		<b>535 695</b>	<b>585 026</b>	<b>667 679</b>	<b>298 091</b>	<b>320 906</b>	<b>320 906</b>	<b>887 767</b>	<b>313 212</b>	<b>301 651</b>	<b>311 187</b>
<b>NET ASSETS</b>		<b>3 448 577</b>	<b>4 000 844</b>	<b>4 645 577</b>	<b>4 034 011</b>	<b>4 486 932</b>	<b>4 486 932</b>	<b>5 190 951</b>	<b>4 869 900</b>	<b>4 973 265</b>	<b>5 437 614</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated surplus/(deficit)	8	3 565 197	4 137 987	4 743 753	4 085 220	4 738 141	4 738 141	5 241 799	4 870 201	4 972 965	5 602 646
Reserves and funds	9	-	-	-	-	-	-	-	-	-	-
Other											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	10	<b>3 565 197</b>	<b>4 137 987</b>	<b>4 743 753</b>	<b>4 085 220</b>	<b>4 738 141</b>	<b>4 738 141</b>	<b>5 241 799</b>	<b>4 870 201</b>	<b>4 972 965</b>	<b>5 602 646</b>

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**Table MBRR A7 – Budgeted Cash Flows**

DC47 Sekhukhune - Table A7 Budgeted Cash Flows											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	63 554	57 852	62 142	62 142	62 142	38 407	65 249	78 794	84 467
Other revenue		-	110 905	(341 846)	2 179	2 179	2 179	(306 130)	2 219	2 336	2 662
Transfers and Subsidies - Operational	1	-	5 069	10 480	1 087 880	1 052 129	1 052 129	292 379	1 118 177	1 261 384	1 359 398
Transfers and Subsidies - Capital	1	-	365 494	262 623	469 076	567 323	567 323	496 451	551 608	557 786	569 339
Interest		-	-	192	21 659	21 659	21 659	-	22 612	23 630	23 789
Dividends											
<b>Payments</b>											
Suppliers and employees		-	(1 197 282)	(1 806 321)	(1 092 661)	(1 049 846)	(1 049 846)	(1 434 605)	(1 026 188)	(1 080 847)	(1 250 258)
Interest											
Transfers and Subsidies	1										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	(652 261)	(1 817 020)	550 275	655 586	655 586	(913 498)	733 678	843 083	789 397
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	430	430	430	-	453	475	497
Decrease (increase) in non-current receivables											
Decrease (increase) in non-current investments		(118 292)	(10 351)	368 569	(239 925)	-	-	524 298	-	-	-
<b>Payments</b>											
Capital assets		-	(347 734)	(351 037)	(489 206)	(612 578)	(612 578)	(177 412)	(593 743)	(579 118)	(595 087)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		(118 292)	(358 085)	17 532	(728 702)	(612 148)	(612 148)	346 886	(593 291)	(578 643)	(594 590)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	111	116
<b>Payments</b>											
Repayment of borrowing											
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-	-	111	116
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		(118 292)	(1 010 346)	(1 799 488)	(178 426)	43 438	43 438	(566 612)	140 388	264 550	194 923
Cash/cash equivalents at the year begin:	2	12 161	180 698	366 047	310 373	438 733	438 733	-	275 961	416 349	680 899
Cash/cash equivalents at the year end:	2	(106 132)	(829 648)	(1 433 441)	131 946	482 171	482 171	(566 612)	416 349	680 899	875 822

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

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

The 2023/24 MTREF provide for a net increase in cash of **R 140 million** for the 2023/24 financial year, net increase of **R 264 million** in 2024/25 and net decrease of **R 194 million** in 2025/26.

Cash Flow from operating activities are as follows:

tha the municipality has maintained a collection rate and **R 2 million** from other revenue which consists mainly of training academy and sale of tender documents. Transfers from National government are projected to be received 100%. Trade and otherpayables as indicated in table A6 has been subtracted from the total expenditure included in the cash flow andnon-cash flow items such as depreciation and debt impairment has been disregarded in the calculations.

1. Water and Sanitation

The municipality has projected to receive **R 65 million** from service charges on both water and sanitation during the 2023/24 financial year which represents about 59% of the total annual revenue from the supply of water and sanitation. The municipality has, during the 2022/23 maintained a 56% average collection on water and sanitation services and it is expected that the collection in increase to 65% in the 2023/24 financial year. A realistic projection of about 59% was used to estimate the collection based on the revenue enhancement and collection activities that are currently underway.

2. Government Grants & Transfers.

The municipality has, during the 2022/23 financial year and the previous five financial years received 100% of the conditional and unconditional grants allocated in terms of the Division of Revenue Act and there has never been any challenges in receiving the grants from the National Treasury, It was on such basis that the municipality expect to receive all its budgeted grants and transfers allocated in terms of the 2023/24 division of revenue bill.

3. Interest on investments Cash Flow Assumptions

The interest on short-term investments was budgeted at around **R 21.6 million** in the current 2022/23 financial year, as at 31<sup>st</sup> May 2023 the actual interest earned on short term investments from 1<sup>st</sup> July 2022 was **R 46.6 million**. The municipality's **R 26 million** budget for the 2023/24 financial year was based on the fact that the spending on conditional grants was below 50% in the current financial year hence the was more cash availability for investments in the current year, however there are plans to accelerate spending in the 2023/24 financial year as such the interest on short term investments is projected at **R 26 million**.

4. Other Income

The **R 2.2 million** budget on other income sources in the 2023/24 financial year was based on the low collection on revenue sources in both the current and prior year, collection currently is around 12% of the total annual revenue budget on other income in the current and prior years.

5. Payments to suppliers and employees

The municipality has budgeted for a 6% annual increase on the salary bill for the 2023/24 financial year. The increase was informed by both the collective agreement and circular 122 where in the 2023/24 CPI projection was used in determining the percentage increase on the employee related cost for the next financial year. The municipality has developed internal controls around payment of supplier invoices and there are quite significant improvements in the number of days the municipality is actually taking to pay its suppliers.

There are also sufficient cash reserves in a form of short-term investments at a combined rand value of about **R 961 million** by 31<sup>st</sup> of May 2023. The cash position of the municipality is currently very strong to financially sustain its operations while ensuring that service delivery projects are also fully funded.

6. Working Capital

The municipality's working capital has improved quite significantly during the current and past financial year, as at the 31<sup>st</sup> of May 2023 the balance on short-term investments was R 961 million combined with a cumulative interest of about **R 46 million** from 1<sup>st</sup> July 2022. The municipality has several investment accounts with ABSA, Standard Bank, FNB and Nedbank wherein investments are done on a short-term basis on the cash available currently not committed.

The municipality has projected about **R 1.2 billion** in current assets for the 2023/24 having considered the current **R 365 million** debt book on consumer debts, **R 68 million** on water inventory, **R 59 million** in VAT receivable and other debtors in addition to the short-term investments.

The municipality's current liabilities consists of trade payables and other non-cash liabilities in a form of provisions, over 90% of the total current liabilities is made of two accounts, one for the Lepelle Northern Water and the retention amounts withheld on both the slow moving and stagnant projects. The municipality currently owes the Lepelle Northern Water Board **R 113 million** in terms of our financial records, however the Water Board has presented around **R 345 million** of debt in our name currently sitting in their books having reversed a settlement discount that was previously agreed upon by the two parties, the municipality did also dispute some of the amounts billed incorrectly by the Water Board on the basis of wrong billing points and non-installation of water meters by the Water Board, however the two parties did engage recently and a payment arrangement was entered into wherein **R 34 million** already was paid during the month of May 2023, the arrangement is to pay on average **R 30 million** monthly towards reducing the debt while resolving the disputes between the two parties. The plan is to reduce the debt to below **R 50 million** by end of first quarter in the 2023/24 financial year.

The municipality is currently maintaining a very strong working capital that will sufficiently support its going concern over the MTREF.

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**Table MBRR A8 – Cash backed reserves/Accumulated surplus reconciliation**

DC47 Sekhukhune - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>											
<b>Cash and investments available</b>											
	1	(106 132)	(829 648)	(1 433 441)	131 946	482 171	482 171	(566 612)	416 349	680 899	875 822
Other current investments > 90 days		286 829	1 195 695	1 592 235	139 925	(32 447)	(32 447)	725 226	(9 559)	(172 257)	–
Non current Investments	1	(118 292)	(128 644)	239 925	–	–	–	764 223	–	–	–
<b>Cash and investments available:</b>		<b>62 405</b>	<b>237 403</b>	<b>398 719</b>	<b>271 872</b>	<b>449 724</b>	<b>449 724</b>	<b>922 837</b>	<b>406 790</b>	<b>508 642</b>	<b>875 822</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		68 934	30 315	48 760	20 000	100 000	100 000	351 286	100 000	104 900	109 830
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	391 847	408 772	687 828	197 244	140 059	140 059	818 272	(174 702)	(234 621)	(221 907)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>460 782</b>	<b>439 087</b>	<b>736 588</b>	<b>217 244</b>	<b>240 059</b>	<b>240 059</b>	<b>1 169 558</b>	<b>(74 702)</b>	<b>(129 721)</b>	<b>(112 077)</b>
<b>Surplus(shortfall)</b>		<b>(398 376)</b>	<b>(201 684)</b>	<b>(337 869)</b>	<b>54 628</b>	<b>209 665</b>	<b>209 665</b>	<b>(246 721)</b>	<b>481 492</b>	<b>638 363</b>	<b>987 899</b>
<b>Other working capital requirements</b>											
Debtors		–	54 475	(157 927)	57 046	57 046	57 046	(382 150)	329 702	373 172	361 835
Creditors due		391 847	463 247	529 901	254 290	197 105	197 105	436 122	155 000	138 551	139 928
<b>Total</b>		<b>(391 847)</b>	<b>(408 772)</b>	<b>(687 828)</b>	<b>(197 244)</b>	<b>(140 059)</b>	<b>(140 059)</b>	<b>(818 272)</b>	<b>174 702</b>	<b>234 621</b>	<b>221 907</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”.
- Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- From the table it can be seen that for the period 2023/24 to 2025/26 the municipality’s budget is fully funded and reflect surpluses across the MTREF.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the 2023/24 MTREF budget is fully funded, though there is a high risk of financial sustainability due to the high dependency on government grants.

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- The municipality does not have non-current investments and no projection has been made for unspent conditional grants as we plan to utilise 100% of the allocation by year end.
- The municipality is planning to spend 100% of its conditional grants.
- VAT input will always be more than VAT output which is reflecting in the cash flow from operating activities and therefore no amount will reflect under statutory requirements.
- The municipality's third party payments such as SARS under the statutory requirements are accounted for under the employee related costs on B7 as part of the payments to suppliers and employees over the 2023/24 MTREF. The VAT portion is also accounted for as part of the payments to suppliers and employees and also under the capital assets payments on the A7.
- The main purpose of the other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.



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**Table MBRR table A9 – Asset Management**

DC47 Sekhukhune - Table A9 Asset Management										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	284 515	281 662	286 005	482 713	594 628	594 628	585 333	550 905	559 175
<i>Water Supply Infrastructure</i>		283 703	281 600	281 214	479 083	585 809	585 809	580 833	549 955	558 075
<i>Sanitation Infrastructure</i>		648	62	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>284 351</b>	<b>281 662</b>	<b>281 214</b>	<b>479 083</b>	<b>585 809</b>	<b>585 809</b>	<b>580 833</b>	<b>549 955</b>	<b>558 075</b>
Licences and Rights		-	-	-	-	1 500	1 500	1 500	700	800
<b>Intangible Assets</b>		-	-	-	-	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>700</b>	<b>800</b>
Computer Equipment		163	-	4 025	2 880	5 340	5 340	1 300	-	-
Furniture and Office Equipment		-	-	445	750	1 979	1 979	1 700	250	300
Machinery and Equipment		-	-	322	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	93 986	136 822	65 031	4 043	15 400	15 400	5 750	25 393	32 925
<i>Water Supply Infrastructure</i>		93 986	115 458	59 458	4 043	15 400	15 400	-	19 483	26 625
<i>Sanitation Infrastructure</i>		-	-	2 184	-	-	-	-	-	-
<b>Infrastructure</b>		<b>93 986</b>	<b>115 458</b>	<b>61 642</b>	<b>4 043</b>	<b>15 400</b>	<b>15 400</b>	-	<b>19 483</b>	<b>26 625</b>
Furniture and Office Equipment		-	(616)	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	21 980	3 390	-	-	-	5 750	5 910	6 300
<b>Total Upgrading of Existing Assets</b>	6	11 698	2 910	-	2 451	2 551	2 551	2 660	2 821	2 986
<i>Roads Infrastructure</i>		2 091	-	-	2 451	2 451	2 451	2 460	2 571	2 686
<i>Water Supply Infrastructure</i>		9 606	2 910	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>11 698</b>	<b>2 910</b>	-	<b>2 451</b>	<b>2 451</b>	<b>2 451</b>	<b>2 460</b>	<b>2 571</b>	<b>2 686</b>
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	100	100	200	250	300
<b>Other Assets</b>		-	-	-	-	<b>100</b>	<b>100</b>	<b>200</b>	<b>250</b>	<b>300</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	390 198	421 394	351 037	489 206	612 578	612 578	593 743	579 118	595 087
<i>Roads Infrastructure</i>		2 091	-	-	2 451	2 451	2 451	2 460	2 571	2 686
<i>Water Supply Infrastructure</i>		387 295	399 967	340 672	483 125	601 209	601 209	580 833	569 437	584 701
<i>Sanitation Infrastructure</i>		648	62	2 184	-	-	-	-	-	-
<b>Infrastructure</b>		<b>390 035</b>	<b>400 030</b>	<b>342 856</b>	<b>485 576</b>	<b>603 660</b>	<b>603 660</b>	<b>583 293</b>	<b>572 008</b>	<b>587 387</b>
Operational Buildings		-	-	-	-	100	100	200	250	300
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	<b>100</b>	<b>100</b>	<b>200</b>	<b>250</b>	<b>300</b>
Licences and Rights		-	-	-	-	1 500	1 500	1 500	700	800
<b>Intangible Assets</b>		-	-	-	-	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>700</b>	<b>800</b>
Computer Equipment		163	-	4 025	2 880	5 340	5 340	1 300	-	-
Furniture and Office Equipment		-	(616)	445	750	1 979	1 979	1 700	250	300
Machinery and Equipment		-	-	322	-	-	-	-	-	-
Transport Assets		-	21 980	3 390	-	-	-	5 750	5 910	6 300
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>390 198</b>	<b>421 394</b>	<b>351 037</b>	<b>489 206</b>	<b>612 578</b>	<b>612 578</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>

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<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	2 388 135	2 662 159	3 651 056	2 646 498	2 770 300	2 770 300	2 751 035	2 842 117	2 964 919
<i>Roads Infrastructure</i>		29 039	25 452	24 058	31 358	31 358	31 358	31 367	32 894	34 434
<i>Water Supply Infrastructure</i>		2 276 876	2 524 816	3 487 828	2 556 766	2 674 850	2 674 850	2 654 474	2 744 687	2 862 187
<i>Sanitation Infrastructure</i>		37 193	37 193	60 597	48 398	48 398	48 398	48 398	50 770	53 156
<b>Infrastructure</b>		<b>2 343 109</b>	<b>2 587 460</b>	<b>3 572 483</b>	<b>2 636 522</b>	<b>2 754 606</b>	<b>2 754 606</b>	<b>2 734 239</b>	<b>2 828 351</b>	<b>2 949 777</b>
<b>Community Assets</b>		34 892	33 681	35 975	35 182	35 612	35 612	35 182	36 906	39 113
<b>Other Assets</b>		(15 564)	(15 716)	(16 819)	(15 408)	(15 308)	(15 308)	(15 208)	(15 913)	(16 623)
<b>Intangible Assets</b>		-	-	-	-	1 500	1 500	1 500	700	800
<b>Computer Equipment</b>		7 840	10 658	10 928	(19 597)	(17 137)	(17 137)	(21 177)	(23 578)	(24 686)
<b>Furniture and Office Equipment</b>		4 350	3 007	3 867	5 345	6 574	6 574	6 295	5 071	5 347
<b>Machinery and Equipment</b>		3 997	13 682	9 951	3 791	3 791	3 791	3 791	3 977	4 163
<b>Transport Assets</b>		9 512	29 384	34 671	662	662	662	6 412	6 605	7 028
<b>Living Resources</b>										
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	<b>2 388 135</b>	<b>2 662 159</b>	<b>3 651 056</b>	<b>2 646 498</b>	<b>2 770 300</b>	<b>2 770 300</b>	<b>2 751 035</b>	<b>2 842 117</b>	<b>2 964 919</b>
<b>EXPENDITURE OTHER ITEMS</b>		<b>221 536</b>	<b>199 632</b>	<b>258 104</b>	<b>229 937</b>	<b>178 759</b>	<b>178 759</b>	<b>168 552</b>	<b>264 084</b>	<b>288 976</b>
<b>Depreciation</b>	7	122 230	94 331	116 367	106 885	94 815	94 815	99 840	104 732	109 655
<b>Repairs and Maintenance by Asset Class</b>	3	<b>99 306</b>	<b>105 300</b>	<b>141 737</b>	<b>123 052</b>	<b>83 944</b>	<b>83 944</b>	<b>68 712</b>	<b>159 351</b>	<b>179 322</b>
<i>Water Supply Infrastructure</i>		19 284	26 881	36 563	43 957	35 101	35 101	31 902	44 060	46 317
<i>Sanitation Infrastructure</i>		76 369	77 530	100 577	64 145	28 394	28 394	10 093	87 311	103 038
<b>Infrastructure</b>		<b>95 653</b>	<b>104 412</b>	<b>137 140</b>	<b>108 103</b>	<b>64 395</b>	<b>64 395</b>	<b>43 243</b>	<b>132 366</b>	<b>150 395</b>
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	400	400	400	500	522	546
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		280	195	193	2 080	2 180	2 180	3 058	3 473	3 589
<i>Housing</i>		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>280</b>	<b>195</b>	<b>193</b>	<b>2 080</b>	<b>2 180</b>	<b>2 180</b>	<b>3 058</b>	<b>3 473</b>	<b>3 589</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	15	104	604	604	636	667	699
<b>Furniture and Office Equipment</b>		-	-	-	-	2 000	2 000	2 106	2 209	2 313
<b>Machinery and Equipment</b>		1	(589)	0	9 066	8 066	8 066	9 669	10 114	10 580
<b>Transport Assets</b>		3 373	1 283	4 388	3 300	6 300	6 300	9 500	10 000	11 200
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>221 536</b>	<b>199 632</b>	<b>258 104</b>	<b>229 937</b>	<b>178 759</b>	<b>178 759</b>	<b>168 552</b>	<b>264 084</b>	<b>288 976</b>

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**Table 16 MBRR table A10 – Basic Service delivery measurement**

<b>DC47 Sekhukhune - Table A10 Basic service delivery measurement</b>										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	15 000	15 000	15 000	20 000	-	-
Piped water inside yard (but not in dwelling)		-	-	-	10 000	10 000	10 000	15 000	-	-
Using public tap (at least min.service level)	2	-	-	-	457 276	457 276	457 276	469 235	500 880	-
Other water supply (at least min.service level)	4	-	-	-	98 722	98 722	98 722	119 597	146 028	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	580 998	580 998	580 998	623 832	646 908	
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	25 000	25 000	25 000	10 000	-	-
No water supply		-	-	-	25 000	25 000	25 000	5 000	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	50 000	50 000	50 000	15 000	-	-
<b>Total number of households</b>	5	-	-	-	<b>630 998</b>	<b>630 998</b>	<b>630 998</b>	<b>638 832</b>	<b>646 908</b>	<b>-</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	10 000	10 000	10 000	15 000	20 000	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	48 000	48 000	48 000	48 000	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
0		-	-	-	58 000	58 000	58 000	63 000	20 000	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	5 000	5 000	5 000	10 000	15 000	-
No toilet provisions		-	-	-	-	-	-	-	-	-
0		-	-	-	5 000	5 000	5 000	10 000	15 000	-
<b>0</b>	Service	-	-	-	<b>63 000</b>	<b>63 000</b>	<b>63 000</b>	<b>73 000</b>	<b>35 000</b>	<b>-</b>
<b>Energy:</b>										
<b>0</b>	Service	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	43 124	-	47 436	47 436	47 436	52 180	57 398	-
Sanitation (free minimum level service)		-	34 601	-	41 867	41 867	41 867	46 054	50 660	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)		-	-	-	15 000	15 000	15 000	28 000	35 000	-
Sanitation (kilolitres per household per month)		-	-	-	10 000	10 000	10 000	15 000	20 000	-
Sanitation (Rand per household per month)		-	-	-	5 000	5 000	5 000	10 000	15 000	-
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Total revenue cost of subsidised services provided</b>		-	-	-	-	-	-	-	-	-

### **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The municipality continues to make good progress with the eradication of backlogs on services that are within the functions of the municipality in terms of the South African Constitution and Municipal Systems Act. The municipality performs only the function of providing indigents registered in the municipality's indigent register with Free Basic Water and the other basic services as listed in table A10 are performed by the Municipality.

## **2 PART 2 – SUPPORTING DOCUMENTS**

### **2.1 Overview of municipal 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.

The budget steering committee of the district consist of the following members under the chairpersonship of the MMC for Budget and Treasury

- Chief finance Officer
- Senior manager: Infrastructure
- All senior managers
- All Finance Managers
- MMC responsible for Mayor's Office
- MMC responsible for Budget and Treasury

The primary aim of the Budget Steering Committee is to ensure:

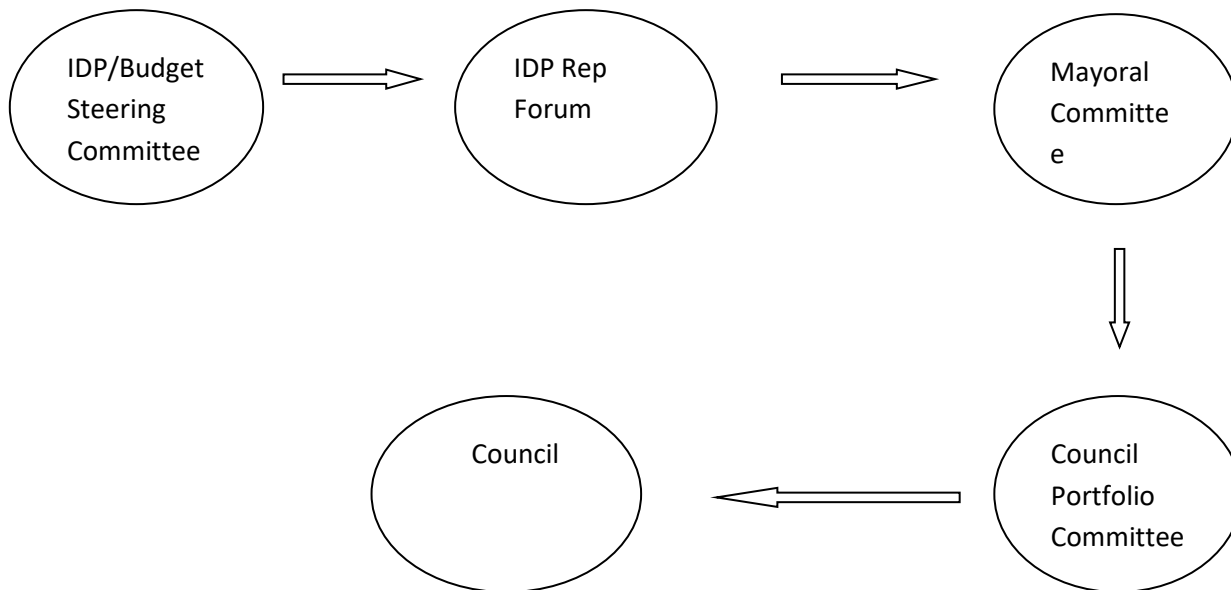
- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the District's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

## Budget Process Overview

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

## Organizational structures for IDP/Budget process

There are various structures responsible to oversee the implementation of the process plan and management of the IDP/Budget process. The IDP/Budget is developed on administrative level by the Municipal Managers and Directors responsible for planning assisted by IDP managers of municipalities and officials of relevant sector departments from the province as well as relevant stakeholders /state companies, and developed further by the IDP Steering Committee. The IDP Representative Forum is a combined structure of public consultation on IDP which comprises of representatives of different constituencies of communities and institutions. The SDM Council is the ultimate authority on the IDP - assisted by the Council portfolio committees and the Mayoral Committee.



## 2023/24 IDP/Budget Public Participation Programme

The dates of the Budget Public Participation Programme was put on hold due to the lockdown.

## **5. Inputs from IDP Consultative Meetings**

Inputs will be considered as the IDP/Budget Public participation will start on the 04 April 2023

### **IDP and Service Delivery and Budget Implementation Plan**

The District's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2023/24 MTREF, based on the approved 2022/23 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2023/24 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2022/23 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **Financial Modelling and Key Planning Drivers**

The district has planned for a preparation of a 5 year financial plan. The plan will ensure that steps already taken in financial modelling is intensified.

The following key factors and planning strategies have informed the compilation of the 2023/24 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt,)
- Performance trends
- MFMA circulars
- The approved 2022/23 adjustments budget and performance against the SDBIP
- Debtor payment levels
- The need for tariff decreases versus the ability of the community to pay for services.

- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars has been taken into consideration in the planning and prioritisation process.

## **2.2 Overview of alignment of annual budget with IDP and SDBIP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the District, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the District strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the district, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the district's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as legislation and policy;

- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Development Plan
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

### **IDP Strategic Objectives**

The following are the strategic objectives of the district:

- Economic Growth, Development and job creation
- Community development and Social cohesion
- Spatial development and sustainable land use management
- Active community participation and Inter-Governmental alignment
- Effective, accountable and clean government
- Basic Service Delivery
- Financial viability

In order to ensure integrated and focused service delivery between all spheres of government it was important for the district to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the District. The five-year programme responds to the development challenges and opportunities faced by the district by identifying the key performance areas to achieve the six strategic objectives mentioned above.

In addition to the five-year IDP, the district undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. The district vision 2030. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the district so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the District's IDP, associated sectorial plans and strategies, and the allocation of resources of the City and other service delivery partners.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the revised IDP, including:

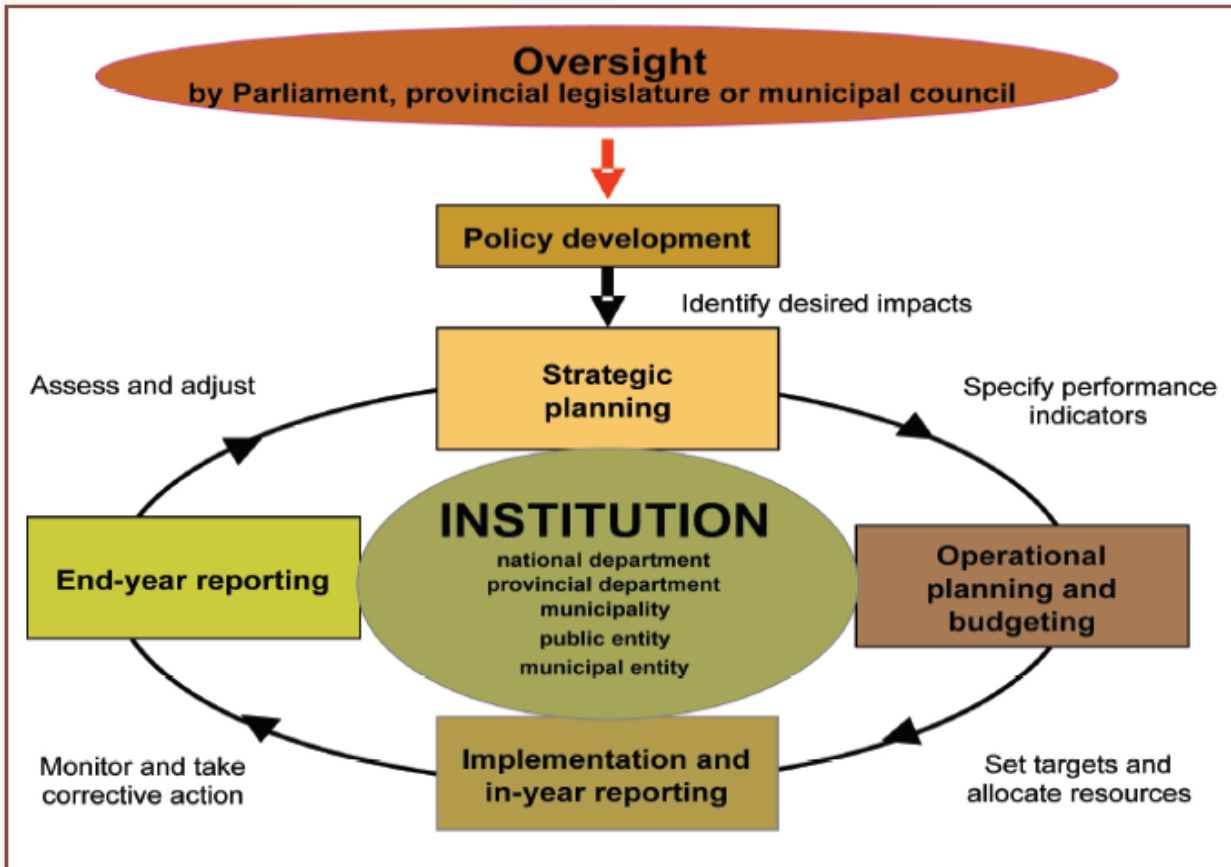


- Strengthening the analysis and strategic planning processes of the district;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

### **2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified 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 district has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



### Planning, budgeting and reporting cycle

The performance of the district relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The district therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the district in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

### Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

Details relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is not yet quantified as indigent register is not yet approved by council. The register is in the process of adoption by council.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are also not taken into account. Therefore revenue foregone is calculated at 30% of bulk purchases

### **Providing clean water and managing waste water**

The municipality is a Water Services Authority for the entire district in terms of the Water Services Act, 1997 and has since taken over from three local municipalities that were providing water on behalf of the municipality. The municipality is purchasing bulk water from Lepelle Northern Water and Dr JS Moroka Local Municipality.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The following is briefly the main challenges facing the District in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult; hence posts in Infrastructure and Water Services were prioritised to reduce shortages.
- Electrical power supply to some of the plants are often interrupted which hampers the purification processes.

### **2.3 Overview of budget related-policies**

The District's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

#### **Review of credit control and debt collection procedures/policies**

The credit control and debt Collection Policy as approved by Council is tabled for review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

## **Asset Management Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation.

The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Although the policy is considered to be up to date, it is tabled for review to ensure that it aligned with applicable standards.

## **Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in the previous year.

Key amendments identified are related to the new SCM model for procurement of infrastructure projects, management of expansion or variation of orders against the original contract and contracts cessions. A turnkey approach is also incorporated in the policy. An amended policy was tabled to Council any further review will be extensively consulted on.

## **Virement Policy**

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2020.

Amendment was made as per mSCOA circular issued in April 2020.

## **Cash Management and Investment Policy**

The Cash Management and Investment Policy were approved by Council. The aim of the policy is to ensure that the district's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks. The policy is considered up to date.

## **Tariff Policies**

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. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation. The policy is amended.

## **Subsidised Motor Vehicle**

The municipality's subsidised motor vehicle policy was reviewed with aim of reducing the cost implication it has on salary budget. Before the policy was utilising 25% of basic salary for all employees who applies for such allowance. This created discrepancies and huge cost on the allowance and now a capped amount is introduced on capital financing. The policy requires further engagement with other structures regarding the current implementation.

The policy has been reviewed to monitor travelling costs and has been tabled as such for public consultation

## **Petty Cash policy**

The petty cash policy is now stand alone policy where each depot/region will be given a petty cash allowance of R5000.00 to do maintenance work. The district is so decentralised in such a way that issuing petty cash from Head office is costly. All the reconciliations are done at head office.

**The following policies are considered to be up to date although tabled:**

- Funding and Reserve policy
- Indigent Policy
- Free Basic Water
- Budget policy
- Blacklisting policy

## 2.5 Overview of budget assumptions

### External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

### General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2023/24 MTREF Budget:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk water; and
- The increase in the cost of remuneration.

### Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

Collection rate is too low due to economic factors, lack of consistent water supply and ineffective credit control implementation, inaccurate billing data. A DBSA sponsored project for revenue enhancement is in progress which will address issues of data cleansing, improving revenue streams. Incentives schemes have been implemented for settlement of long outstanding debts as well as appointment of Debt Collectors for recovery of old outstanding debt.

The rate of revenue collection as at end January 2022 is at 65% of quarter three billings. In 2023/24 revenue collection is anticipated at 70%.

### Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the district, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it

assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## **Budget Process Overview**

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

The Mayor tabled in Council the required IDP and budget time schedule in July 2022. Key dates applicable to the process were adhered to and progress was reported to council quarterly

## **IDP and Service Delivery and Budget Implementation Plan**

This is the first review of the IDP as adopted by Council in July 2022.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The Process Plan applicable to the first revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP

The SDBIP for 2023/24 has been completed and will be submitted to the relevant stakeholders within 28 days from the date of adopting the budget by council.

## **Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2023/24 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2023/24 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2021/22 adjustments budget and performance against the SDBIP11
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities



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- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery
- The municipality's Spatial Development Plan

**Community Consultation**

The below consultation schedule for draft 2023/24 MTREF which was tabled before Council on 30<sup>th</sup> of July 2022 and was also published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and the municipality's community libraries and at tribal offices.

<b>Month</b>	<b>Action</b>	<b>Target Date</b>
<b>Preparatory Phase</b>		
July 2022	Review of the previous year's IDP/Budget process. Exco provides political guidance over the budget process & priorities that must inform the budget process. IDP/Budget steering committee meeting Table the 2023/24 IDP/Process plan before council. 4 <sup>th</sup> quarter performance lekgotla. Performance agreements for the Municipal Manager & all senior managers signed & submitted to MEC of Coghsta.	31 July 2022
August 2022	Ward to Ward based data collection. Submit the 2021/22 annual financial statements & annual financial performance to AG. Operational Risk Assessment for 2022/23.	31 August 2022
<b>Month</b>	<b>Action</b>	<b>Target Date</b>
<b>Analysis Phase</b>		
September 2022	Council determines the strategic objectives for service delivery through IDP review processes & the development of the next three budget years (including review of sectional departmental plan). Consult provincial & national sector departments on specific sector programmes for purposes of alignment. Finalize ward based data compilation. Update council structures on updated date.	30 September 2022
October 2022	2022/23 first quarter review.	31 October 2022
	Begin preliminary preparations on proposed budget for 2023/24. 2022/23 First performance lekgotla. Submit 2022/23 1 <sup>st</sup> quarter performance to council.	
<b>Month</b>	<b>Action</b>	<b>Target Date</b>
<b>2 Project Phase</b>		

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November 2022	Confirm IDP projects with district & sector department. Review & effect changes on draft IDP	30 November 2022
<b>Month</b>	<b>Action</b>	<b>Target Date</b>
<b>Integration Phase</b>		
December 2022	Review budget performance & prepare for 2022/23 budget adjustment. Consolidated analysis phase in place. IDP/Budget steering committee meeting. IDP representative forum.	31 December 2022
January 2023	Table 2021/22 draft annual report to council. Submit draft annual report to AG, PT & Coghsta. Publish draft annual report in municipal jurisdiction. Prepare 2020/21 oversight report. Mid-year performance lekgotla. Table mid-year performance assessment report to PT, Coghsta & Mayor. Starategic Planning Session.	31 January 2023
February 2023	Table 2022/23 adjusted budget/SDBIP before council. Submit draft IDP/Budget to management & relevant stakeholders. Conduct mid-year assessments for municipal manager & all senior managers. Submit & present mid-year performance assessment report to provincial treasury & Coghsta.	28 February 2023
March 2023	Council considers the 2023/24 draft IDP/Budget & SDBIP. Adoption of 2021/22 oversight report.	31 March 2023
<b>Month</b>	<b>Action</b>	<b>Target Date</b>
<b>Approval Phase</b>		
April 2023	Publish the 2023/24 draft IDP/Budget for public comments. Submit the 2022/23 draft IDP/Budget to NT, PT & Coghsta. Consultations with community & stakeholders. Strategic risk assessment for 2022/23. 2022/23 3 <sup>rd</sup> quarter performance Lekgotla. Submit 3 <sup>rd</sup> quarter report to council.	30 April 2023
May 2023	IDP/Budget steering committee meeting. Submit the draft 2023/23 IDP/Budget with public comments to council for adoption. Submit annual procurement plan to Mayor, PT & NT. Prepare 2023/24 SDBIP.	31 May 2023
June 2023	Publish the approved 2023/24 IDP/Budget. Submit the 2023/24 SDBIP to Mayor for approval. Develop performance agreements for MM & all senior managers.	30 June 2023

	Submit approved IDP/Budget to NT, PT & Coghsta.	
	Submit the 2023/24 SDBIP to Mayor for approval. Develop performance agreements for MM & all senior managers. Submit approved IDP/Budget to NT, PT & Coghsta.	

## 2.4 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Our municipal IDP that provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the municipal council, was first adopted in July 2019. This plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. The municipality's IDP is therefore a key instrument which was used to provide vision, leadership and direction to all those that have a role to play in the development of the municipality. The IDP enables the municipality to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2022/23 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 17 IDP Strategic Objectives**

<b>2022/23 Financial year</b>	<b>2023/24 Financial year</b>
To ensure sustainable use of land and promote growth and development.	To ensure sustainable use of land and promote growth and development.
To improve quality of life of our citizens through sustainable roads infrastructure.	To improve quality of life of our citizens through sustainable roads infrastructure.
To create an environment that will develop, stimulate and strengthen local economic growth.	To create an environment that will develop, stimulate and strengthen local economic growth.
To provide sound and sustainable management of the financial affairs of the municipality.	To provide sound and sustainable management of the financial affairs of the municipality.
To effectively coordinate all general administrative, governance, human resources, IT and legal services.	To effectively coordinate all general administrative, governance, human resources, IT and legal services.
To provide assurance and build internal and public confidence on internal and external operations of the municipality and its Stakeholders.	To provide assurance and build internal and public confidence on internal and external operations of the municipality and its Stakeholders.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide waste removal;
  - Provide roads and storm water;
  - Provide municipal planning services; and
  - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches through the EPWP programme in the delivery of services and the building of infrastructure.

- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to assist on matters affecting primary health care.
  - Extending waste removal services and ensuring effective municipal cleansing;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated.
  - Provision of bursaries for well deserving students who are financially needy.
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
5. Promote sound governance and transparency through:
  - Publishing the outcomes of all tender processes on the municipal website
  - Ensure financial sustainability through:
    - Reviewing the use of contracted services
    - Continuing to implement the infrastructure management strategy and the repairs and maintenance plan
  - Optimal institutional transformation to ensure capacity to achieve set objectives
    - Review of the organizational structure to optimize the use of personnel;

The 2023/24 draft budget and the MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

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**MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

DC47 Sekhukhune - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)												
Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>												
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				-	-	-	-	-	-	-	-	-
FIANCIAL VIABILITY				982 574	1 270 964	1 135 801	1 230 949	1 195 198	1 195 198	1 273 052	1 426 704	1 541 447
LOCAL ECONOMIC DEVELOPMENT				-	-	-	-	-	-	-	-	-
BASIC SERVICE DELIVERY, INFRASTRUCTURE DEVELOPMENT AND SOCIAL SERVICES				-	-	-	-	-	-	-	-	-
INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL TRANSFORMATION				-	-	-	-	-	-	-	-	-
<b>Allocations to other priorities</b>			2									
			1	982 574	1 270 964	1 135 801	1 230 949	1 195 198	1 195 198	1 273 052	1 426 704	1 541 447

**MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted**

DC47 Sekhukhune - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>												
Allocations to Other Priorities				-	-	-	-	-	-	-	-	-
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				66 394	68 270	73 780	91 171	91 171	91 171	98 736	104 378	109 657
FIANCIAL VIABILITY				113 129	74 143	180 555	206 871	183 522	183 522	193 249	202 326	212 063
LOCAL ECONOMIC DEVELOPMENT				11 038	12 664	12 894	26 917	25 266	25 266	31 242	36 862	40 187
BASIC SERVICE DELIVERY, INFRASTRUCTURE DEVELOPMENT AND SOCIAL SERVICES				644 018	726 377	652 581	648 413	572 411	572 411	617 583	737 859	818 070
INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL TRANSFORMATION				223 537	216 080	229 110	237 214	277 331	277 331	289 937	321 835	336 774
<b>Allocations to other priorities</b>												
	0		1	1 058 115	1 097 535	1 148 921	1 210 586	1 149 700	1 149 700	1 230 747	1 403 260	1 516 751

**MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted Capital Expenditure.**

DC47 Sekhukhune - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>												
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				-	-	-	-	162	162	-	-	-
FIANCIAL VIABILITY				-	-	-	-	400	400	28 450	8 160	8 600
LOCAL ECONOMIC DEVELOPMENT				-	-	-	550	1 700	1 700	1 500	700	800
BASIC SERVICE DELIVERY, INFRASTRUCTURE DEVELOPMENT AND SOCIAL SERVICES				390 198	421 394	350 715	488 656	607 746	607 746	563 493	570 258	585 687
INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL TRANSFORMATION				-	-	322	-	2 570	2 570	300	-	-
Allocations to other priorities			3									
<b>Total Capital Expenditure</b>			1	<b>390 198</b>	<b>421 394</b>	<b>351 037</b>	<b>489 206</b>	<b>612 578</b>	<b>612 578</b>	<b>593 743</b>	<b>579 118</b>	<b>c</b>

**3.10**

**Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified 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 and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee’s performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses.

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

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### MBRR Table SA8 - Performance indicators and benchmarks

DC47 Sekhukhune - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	52.2%	137.3%	1175.3%	439.2%	439.2%	21.3%	479.3%	1331.1%	1376.2%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	-7856575.3%	0.0%	0.0%	0.0%	-28718.3%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	-	-	-	-	-	-	-	-	-	-
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	-	-	-	-	-	-	-
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	-	-	-	-	-	-	-
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		183.4%	88.8%	-166.1%	60.8%	60.8%	320.7%	60.6%	69.5%	71.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		195.0%	-298.3%	60.8%	60.8%	60.8%	-334.6%	60.6%	69.5%	71.3%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW) technical	0	0	0	0	0	0	0	0	0	0
	Total Volume Losses (kW) non technical										
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water Volumes :System input	Bulk Purchase										
	Water treatment works										
	Natural sources										
Water Distribution Losses (2)	Total Volume Losses (kt)	-	-	-	-	-	-	-	-	-	-
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	-	-	-	-	-	-	-	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	157.4%	184.8%	70.3%	212.2%	212.2%	223.3%	128.0%	112.9%	102.1%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational	-	-	-	-	-	-	-	-	-	-



### **3.3.1 Performance indicators and benchmarks**

#### **3.3.1.1 Borrowing Management**

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness. The district does not have any borrowings

### **3.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies of the municipality.

#### **3.4.1 Review of credit control and debt collection procedures/policies**

The Debt Collection Policy as approved by Council in May 2022 was reviewed. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review the tariff for property rates and certain components to encourage our customers to pay their accounts as they complained with current rate and to achieve a higher collection rate. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2022/23 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 70 per cent on current debtors. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels and since these overdue debtors has not paid in the past two financial years and an impairment was made to their balances as at 30 June 2022, the municipality has not made any projection for them in the cash flow statement for 2023/24 MTREF. In addition, the payment incentive scheme was consulted with the customers and is being implemented to encourage customers who were not paying to start paying by taking advantage of the settlement offer by the municipality.

#### **3.4.2 Budget Policy**

The annual budget process is governed by various provisions in the MFMA and the Budget policy of the municipality which is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. The budget policy was reviewed to ensure that it is up to date considering the latest regulations and budget circulars.

#### **3.4.3 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in May 2022 and reviewed during the course of the 2022/23 financial year.

### **3.4.4 Cash Management and Investment Policy**

The municipality's Cash Management and Investment Policy was adopted by Council in May 2022. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

### **3.4.5 Tariff Policies**

The municipality's tariff policy provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The reviewed policy was reviewed and will be submitted to council for approval in May 2022.

## **3.5 Overview of budget assumptions**

### **3.5.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's available cash.

### **3.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2023/24 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for electricity and water; and
- The increase in the cost of remuneration.

### **3.5.3 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality is not planning to use borrowing to fund its capital projects and therefore no interests are to be paid. The municipality is forecasting to have surplus cash for investment and cash management and investment policy will be applied when investing such funds to generate revenue.

## **3.6 Overview of budget funding**

### **3.6.1 Medium-term outlook: operating revenue**

The following table is a breakdown of the operating revenue over the medium-term:

**Table 22 Breakdown of the operating revenue over the medium-term**

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Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the transfers recognised – operational (government grants), Service charges, capital grants from organs of state and other minor charges (such as sale of tender documents, training academy, fire services etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- National Treasury guidelines; and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the determination of the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff reduction for the 2023/24 MTREF for Service charges rates can be shown as follows:

**ANNEXURE A**

**SEKHUKHUNE DISTRICT MUNICIPALITY  
WATER ,SANITATION AND SUNDRY TARRIFS FOR  
2023/2024 FINANCIAL YEAR**

		2022/2023	2023/2024	2024/2025	2025/2026
<b>AREA OF SUPPLY SEKHUKHUNE DISTRICT MUNICIPALITY DIRECT SUPPLY</b>					
<b>WATER</b>		<b>2022/2023</b>	<b>2023/2024</b>	<b>2024/2025</b>	<b>2025/2026</b>
<b>i)</b>	<b>Residential</b>				
	<b>Metered</b>				
	Basic charge Full Time Supply	45.49	47.77	50.15	52.66
Rebates	Basic Charge Part Time / Time Managed Supply (50% Discount)	22.74	23.88	25.07	26.33
	Basic charge ( complexes with 10 or less units)	532.82	559.46	587.43	616.80
	Basic charge (complexes with greater 10 units)	852.51	895.13	939.89	986.89
	Unit Charge	-	-	-	-
	First 6 Units (Indigents)	-	-	-	-
	First 6 Units (Non-Indigents)	13.67	14.36	15.07	15.83
	7 to 10 Units	15.94	16.74	17.58	18.46
	11 to 30 Units	17.54	18.42	19.34	20.30
	Above 30 units	19.29	20.26	21.27	22.33
	<b>Unmetered</b>	-	-	-	-
	Monthly Flat Rate	179.09	188.05	197.45	207.32

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	<b>Pre-Paid</b>		-	-	-	
	Unit Charge		16.07	16.88	17.72	18.61
	<b>Communal Stand Pipes (Above RDP)</b>		-	-	-	
	Monthly Flat Rate		17.01	17.86	18.75	19.69
	<b>Communal Stand Pipes (Pre-Paid)</b>		-	-	-	
	First 6 Units		13.67	14.35	15.07	15.82
	After First 6 Units		15.98	16.77	17.61	18.49
	Above 30 units		17.01	17.86	18.75	19.69
<b>ii)</b>	<b>Business</b>		-	-	-	
	Basic charge		134.46	141.19	148.25	155.66
	Basic charge Government		532.82	559.46	587.43	616.80
	Basic charge Malls		852.51	895.13	939.89	986.89
	Consumption charge		-	-	-	
<b>Business Area</b>	First 6 Units		19.66	20.65	21.68	22.76
<b>Schools</b>	7 to 30 Units		19.66	20.65	21.68	22.76
<b>Churches &amp; Government Institutions</b>	Above 30 units		19.66	20.65	21.68	22.76
	Departmental		19.66	20.65	21.68	22.76
	<b>Commercial/ Industry</b>		-	-	-	
	Basic charge		134.46	141.18	148.24	155.66
<b>iii)</b>	Water Tankers (per tank)		719.42	755.39	793.16	832.81
<b>Tankers</b>	Per kiloliter		20.76	21.80	22.89	24.03
	<i>All tariffs are VAT exclusive</i>		-	-	-	
<b>SEWERAGE</b>			<b>2021/2022</b>	<b>2022/2023</b>	<b>2024/2025</b>	<b>2024/2025</b>
<b>i)</b>	Basic charge (Residential)		59.05	62.00	65.10	68.35
	Basic charge (Commercial)		110.73	116.26	122.08	128.18
<b>ii)</b>	<b>Sewerage Points</b>		-	-	-	
	Residential		-	-	-	
	First two Points		9.83	10.32	10.84	11.38
	There after per point		9.83	10.32	10.84	11.38
	Commercial		39.18	41.14	43.19	45.35
			-	-	-	

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Schools	Per student	5.54	5.81	6.11	6.41
Departmental		9.23	9.69	10.18	10.68
iii) <b>Other Sewerage Tariffs</b>		-		-	-
IV) <b>New connections (Water/Sewerage)</b>		-		-	-
As calculated by the Director Technical Services (Cost + 10%)		-		-	-
		-		-	-
V) <b>Issue of Council Documents/Information</b>		-		-	-
Basic Fee of R30 plus photo copy fees as in paragraph (II) of Sundry Tariffs		-		-	-
<b>Sucking</b>		-		-	-
Residential Sucking		306.51	321.83	337.92	354.82
Business Sucking		353.72	371.41	389.98	409.48
Basic charge for sucking (Businesses)		442.15	464.26	487.47	511.84

*All tariffs are VAT exclusive*

AREA OF SUPPLY GREATER TUBATSE LOCAL MUNICIPALITY						
SEWERAGE		2021/2022	2022/2023	2024/2025	2024/2025	
<b>Indigent People</b>	See policy	Free	Free			
<b>Residential Stands</b>	0 to 500 sqm	per stand	132.65	139.28	146.24	153.56
<b>Size of the stand</b>	501 and more	per stand	198.96	208.91	219.36	230.33
<b>Residential 2 &amp; 3 Stands</b>	Per unit/flat	per unit /flat	132.65	139.28	146.24	153.56
<b>Business Stands</b>			-		-	-
<b>Business Stands</b>	Minimum charge <1000sqm		353.72	371.41	389.98	409.48
	Greater than 1000sqm (per additional 1000sqm)	<b>per size of building</b>	442.15	464.26	487.47	511.84
<b>Government Prop.</b>	Minimum charge <1000sqm		353.72	371.41	389.98	409.48
<b>Businesses and Industrial</b>	Greater than 1000sqm (per additional 1000sqm)	<b>per size of building</b>	442.15	464.26	487.47	511.84
<b>Churches</b>			-		-	-
<b>Churches</b>	Fix charge		331.61	348.19	365.60	383.88
<b>Schools</b>			4.94	5.19	5.45	5.72
<b>Government and</b>	Minimum charge stands <1000sqm		353.72	371.41	389.98	409.48
<b>Municipal</b>	Greater than 1000sqm (per additional 1000sqm)		198.96	208.91	219.36	230.33
<b>Other</b>	Domestic effluent by private tanker per kilolitre		41.83	43.92	46.11	48.42
	Domestic effluent by drum of 210 litres		10.46	10.98	11.53	12.11

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Trade effluent from inside the jurisdiction per tanker	753.87	791.56	831.14	872.70
	1	1	1	1
Trade effluent from outside the jurisdiction per tanker	135.67	192.45	252.07	314.68
100 mm nominal diameter connection	10	10	11	12
	456.95	979.80	528.79	105.23
150 mm nominal diameter connection	12	12	13	14
	256.51	869.34	512.81	188.45
Inspection of connections	486.37	510.69	536.22	563.03
<b>Interest on outstanding amounts more than 90 days</b>	Prime plus 1%	Prime plus 1%		
<i>All tariffs are VAT exclusive</i>				
<b>BULK CONTRIBUTIONS</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2024/2025</b>	<b>2024/2025</b>
<b>Bulk Contribution per unit</b> Sewerage	cost plus 10%	cost plus 5%	cost plus 10%	cost plus 10%
<b>(Residential)</b> Water	cost plus 10%	cost plus 5%	cost plus 10%	cost plus 10%
Roads & Streetlights	cost plus 10%	cost plus 5%	cost plus 10%	cost plus 10%
<b>Total</b>	cost plus 10%	cost plus 5%	cost plus 10%	cost plus 10%
<b>Bulk Contribution per unit</b> Sewerage	cost plus 10%	cost plus 5%	cost plus 10%	cost plus 10%
<b>(Business)</b> Water	cost plus 10%	cost plus 5%	cost plus 10%	cost plus 10%
Roads & Streetlights	cost plus 10%	cost plus 5%	cost plus 10%	cost plus 10%
<b>Total</b>	cost plus 10%	cost plus 5%	cost plus 10%	cost plus 10%
<b>Interest on outstanding amounts more than 90 days</b>	Prime plus 1%	Prime plus 1%	Prime plus 1%	Prime plus 1%
<i>All tariffs are VAT exclusive</i>				

### 3.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium- term. The table below is consistent with international standards of good financial management practice and also improves understand-ability for councillors and management of the municipality. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue and other own sources of revenue:

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**MBRR Table A7 - Budget cash flow statement**

DC47 Sekhukhune - Table A7 Budgeted Cash Flows											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	63 554	57 852	62 142	62 142	62 142	38 407	65 249	78 794	84 467
Other revenue		-	110 905	(341 846)	2 179	2 179	2 179	(306 130)	2 219	2 336	2 662
Transfers and Subsidies - Operational	1	-	5 069	10 480	1 087 880	1 052 129	1 052 129	292 379	1 118 177	1 261 384	1 359 398
Transfers and Subsidies - Capital	1	-	365 494	262 623	469 076	567 323	567 323	496 451	551 608	557 786	569 339
Interest		-	-	192	21 659	21 659	21 659	-	22 612	23 630	23 789
Dividends											
<b>Payments</b>											
Suppliers and employees		-	(1 197 282)	(1 806 321)	(1 092 661)	(1 049 846)	(1 049 846)	(1 434 605)	(1 026 188)	(1 080 847)	(1 250 258)
Interest											
Transfers and Subsidies	1										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>-</b>	<b>(652 261)</b>	<b>(1 817 020)</b>	<b>550 275</b>	<b>655 586</b>	<b>655 586</b>	<b>(913 498)</b>	<b>733 678</b>	<b>843 083</b>	<b>789 397</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	430	430	430	-	453	475	497
Decrease (increase) in non-current receivables											
Decrease (increase) in non-current investments		(118 292)	(10 351)	368 569	(239 925)	-	-	524 298	-	-	-
<b>Payments</b>											
Capital assets		-	(347 734)	(351 037)	(489 206)	(612 578)	(612 578)	(177 412)	(593 743)	(579 118)	(595 087)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(118 292)</b>	<b>(358 085)</b>	<b>17 532</b>	<b>(728 702)</b>	<b>(612 148)</b>	<b>(612 148)</b>	<b>346 886</b>	<b>(593 291)</b>	<b>(578 643)</b>	<b>(594 590)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	111	116
<b>Payments</b>											
Repayment of borrowing											
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>116</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(118 292)</b>	<b>(1 010 346)</b>	<b>(1 799 488)</b>	<b>(178 426)</b>	<b>43 438</b>	<b>43 438</b>	<b>(566 612)</b>	<b>140 388</b>	<b>264 550</b>	<b>194 923</b>
Cash/cash equivalents at the year begin:	2	12 161	180 698	366 047	310 373	438 733	438 733	-	275 961	416 349	680 899
Cash/cash equivalents at the year end:	2	(106 132)	(829 648)	(1 433 441)	131 946	482 171	482 171	(566 612)	416 349	680 899	875 822

The above table shows a net increase in cash held throughout the MTREF of R 140 million, R 264 million and R 194 respectively for all the 2023/24, 2024/25 & 2025/26 financial years.

**3.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation**

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This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.



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**MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

DC47 Sekhukhune - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>											
<b>Cash and investments available</b>											
	1	(106 132)	(829 648)	(1 433 441)	131 946	482 171	482 171	(566 612)	416 349	680 899	875 822
Other current investments > 90 days		286 829	1 195 695	1 592 235	139 925	(32 447)	(32 447)	725 226	(9 559)	(172 257)	-
Non current Investments	1	(118 292)	(128 644)	239 925	-	-	-	764 223	-	-	-
<b>Cash and investments available:</b>		<b>62 405</b>	<b>237 403</b>	<b>398 719</b>	<b>271 872</b>	<b>449 724</b>	<b>449 724</b>	<b>922 837</b>	<b>406 790</b>	<b>508 642</b>	<b>875 822</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		68 934	30 315	48 760	20 000	100 000	100 000	351 286	100 000	104 900	109 830
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	391 847	408 772	687 828	197 244	140 059	140 059	818 272	(174 702)	(234 621)	(221 907)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>460 782</b>	<b>439 087</b>	<b>736 588</b>	<b>217 244</b>	<b>240 059</b>	<b>240 059</b>	<b>1 169 558</b>	<b>(74 702)</b>	<b>(129 721)</b>	<b>(112 077)</b>
<b>Surplus(shortfall)</b>		<b>(398 376)</b>	<b>(201 684)</b>	<b>(337 869)</b>	<b>54 628</b>	<b>209 665</b>	<b>209 665</b>	<b>(246 721)</b>	<b>481 492</b>	<b>638 363</b>	<b>987 899</b>
<b>Other working capital requirements</b>											
Debtors		-	54 475	(157 927)	57 046	57 046	57 046	(382 150)	329 702	373 172	361 835
Creditors due		391 847	463 247	529 901	254 290	197 105	197 105	436 122	155 000	138 551	139 928
<b>Total</b>		<b>(391 847)</b>	<b>(408 772)</b>	<b>(687 828)</b>	<b>(197 244)</b>	<b>(140 059)</b>	<b>(140 059)</b>	<b>(818 272)</b>	<b>174 702</b>	<b>234 621</b>	<b>221 907</b>

From the above table it can be seen that the cash and investments available total is **R 481 million** in the 2023/24 financial year and increases to **R 638 million** by 2024/25 and decreases to **R 987 million** by 2025/26.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.

It can be concluded that the municipality has a surplus against the cash backed and accumulated surpluses reconciliation.

**Funding compliance measurement**

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table

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essentially measure the degree to which the proposed budget complies with the funding requirements of the MFMA.

**MBRR SA10 – Funding compliance measurement**

DC47 Sekhukhune Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Funding measures</b>												
- R'000	18(1)b	1	(106 132)	(829 648)	(1 433 441)	131 946	482 171	482 171	(566 612)	416 349	680 899	875 822
Cash + investments at the yr end less applications - R'000	18(1)b	2	(398 376)	(201 684)	(337 869)	54 628	209 665	209 665	(246 721)	481 492	638 363	987 899
Cash year end/monthly employee/supplier payments	18(1)b	3	(1.9)	(14.6)	(24.6)	1.8	7.0	7.0	(12.5)	5.8	8.0	9.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	488 965	789 781	492 594	489 440	612 821	612 821	657 044	593 913	581 229	597 297
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	(16.0%)	4.4%	3.9%	(6.0%)	(6.0%)	(29.9%)	(0.7%)	(1.1%)	(1.3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	31.0%	(298.1%)	60.5%	60.5%	60.5%	(333.9%)	60.6%	69.4%	71.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c,19	8	0.0%	82.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	40.8%	(69.8%)	77.8%	0.0%	0.0%	21.5%	375.7%	(1.3%)	(5.5%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.2%	4.0%	3.9%	4.6%	3.0%	3.0%	2.5%	5.6%	6.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	24.1%	32.5%	18.5%	0.8%	2.5%	2.5%	0.0%	1.0%	4.4%	5.5%
<b>Supporting indicators</b>												
% incr total service charges (incl prop rates)	18(1)a			(10.0%)	10.4%	9.9%	0.0%	0.0%	(23.9%)	5.3%	4.9%	4.7%
% incr Property Tax	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr 2	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr 2	18(1)a			(11.1%)	9.9%	10.9%	0.0%	0.0%	(26.3%)	5.3%	4.9%	4.7%
% incr 2	18(1)a			(3.4%)	13.1%	4.6%	0.0%	0.0%	(9.5%)	5.3%	4.9%	4.7%
% incr	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr in	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		94 841	85 340	94 213	103 570	103 570	103 570	78 807	109 059	114 403	119 780
Service charges			94 841	85 340	94 213	103 570	103 570	103 570	78 807	109 059	114 403	119 780
Property rates			-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue			-	-	-	-	-	-	-	-	-	-
Service charges - water revenue			81 947	72 888	80 128	88 834	88 834	88 834	65 475	93 542	98 125	102 737
Service charges - sanitation revenue			12 894	12 453	14 085	14 736	14 736	14 736	13 331	15 517	16 278	17 043
Service charges - refuse removal			-	-	-	-	-	-	-	-	-	-
Capital expenditure excluding capital grant funding			3 320	23 075	43 263	20 130	44 595	44 595	9 989	42 135	21 333	22 485
Cash receipts from ratepayers	18(1)a		-	174 458	(283 994)	64 321	64 321	64 321	(267 723)	67 468	81 130	87 129
Ratepayer & Other revenue	18(1)a		96 832	562 559	95 279	106 239	106 239	106 239	80 171	111 402	116 861	122 353
Change in consumer debtors (current and non-current)			N/A	50 884	(122 676)	41 239	-	-	20 214	429 958	(6 870)	(29 408)
Operating and Capital Grant Revenue	18(1)a		1 303 106	1 523 427	1 347 860	1 556 920	1 619 415	1 619 415	1 176 509	1 669 785	1 819 170	1 932 000
Capital expenditure - total	20(1)(vi)		390 198	421 394	351 037	489 206	612 578	612 578	177 412	593 743	579 118	595 087
Capital expenditure - renewal	20(1)(vi)		93 986	136 822	65 031	4 043	15 400	15 400	-	5 750	25 393	32 925
<b>Supporting benchmarks</b>												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										-	-	-
Average annual collection rate (arrears inclusive)												

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<b>DoRA operating</b>											
<b>Trend</b>											
Change in consumer debtors (current and non-current)		N/A	50 884	(122 676)	41 239	-	-	20 214	429 958	(6 870)	(29 408)
<b>Total Operating Revenue</b>		982 574	1 270 964	1 135 801	1 230 949	1 195 198	1 195 198	1 132 675	1 273 052	1 426 704	1 541 447
<b>Total Operating Expenditure</b>		938 234	931 118	989 922	1 210 586	1 149 700	1 149 700	669 415	1 230 747	1 403 260	1 516 751
<b>Operating Performance Surplus/(Deficit)</b>		44 340	339 846	145 879	20 363	45 498	45 498	463 260	42 305	23 444	24 695
<b>Cash and Cash Equivalents (30 June 2012)</b>									416 349		
<b>Revenue</b>											
% Increase in Total Operating Revenue			29.4%	(10.6%)	8.4%	(2.9%)	0.0%	(5.2%)	6.5%	12.1%	8.0%
% Increase in Property Rates Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Electricity Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Property Rates & Services Charges			(10.0%)	10.4%	9.9%	0.0%	0.0%	(23.9%)	5.3%	4.9%	4.7%
<b>Expenditure</b>											
% Increase in Total Operating Expenditure			(0.8%)	6.3%	22.3%	(5.0%)	0.0%	(41.8%)	7.0%	14.0%	8.1%
% Increase in Employee Costs			4.5%	(2.9%)	14.6%	(1.1%)	0.0%	(26.7%)	5.3%	4.9%	4.7%
% Increase in Electricity Bulk Purchases			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Cost Per Budgeted Employee Position (Remuneration)				781798.4838	4836093.642				5037150.221		
Average Cost Per Councillor (Remuneration)				0	0				0		
R&M % of PPE		4.2%	4.0%	3.9%	4.6%	3.0%	3.0%		2.5%	5.6%	6.0%
Asset Renewal and R&M as a % of PPE		8.6%	9.2%	5.7%	4.9%	3.7%	3.7%		2.8%	6.6%	7.2%
Debt Impairment % of Total Billable Revenue		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Capital Revenue</b>											
Internally Funded & Other (R'000)		3 320	23 075	43 263	20 130	44 595	44 595	9 989	42 135	21 333	22 485
Borrowing (R'000)		-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		386 878	398 319	307 774	469 076	567 983	567 983	167 423	551 608	557 786	572 602
Internally Generated funds % of Non Grant Funding		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		99.1%	94.5%	87.7%	95.9%	92.7%	92.7%	94.4%	92.9%	96.3%	96.2%
<b>Capital Expenditure</b>											
Total Capital Programme (R'000)		390 198	421 394	351 037	489 206	612 578	612 578	177 412	593 743	579 118	595 087
Asset Renewal		105 684	139 732	65 031	6 494	17 951	17 951	-	8 410	28 214	35 911
Asset Renewal % of Total Capital Expenditure		27.1%	33.2%	18.5%	1.3%	2.9%	2.9%	0.0%	1.4%	4.9%	6.0%
<b>Cash</b>											
Cash Receipts % of Rate Payer & Other		0.0%	31.0%	(298.1%)	60.5%	60.5%	60.5%	(333.9%)	60.6%	69.4%	71.2%
Cash Coverage Ratio		(0)	(0)	(0)	0	0	0	(0)	0	0	0
<b>Borrowing</b>											
Most recent Credit Rating									0		
Capital Charges to Operating		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing Receipts % of Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>											
Uncommitted reserves after application of cash and investments		(398 376)	(201 684)	(337 869)	54 628	209 665	209 665	(246 721)	481 492	638 363	987 899
<b>Free Services</b>											
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
<b>High Level Outcome of Funding Compliance</b>											
Total Operating Revenue		982 574	1 270 964	1 135 801	1 230 949	1 195 198	1 195 198	1 132 675	1 273 052	1 426 704	1 541 447
Total Operating Expenditure		938 234	931 118	989 922	1 210 586	1 149 700	1 149 700	669 415	1 230 747	1 403 260	1 516 751
Surplus/(Deficit) Budgeted Operating Statement		44 340	339 846	145 879	20 363	45 498	45 498	463 260	42 305	23 444	24 695
Surplus/(Deficit) Considering Reserves and Cash Backing		(398 376)	(201 684)	(337 869)	54 628	209 665	209 665	(246 721)	481 492	638 363	987 899
<b>MTREF Funded (1) / Unfunded (0)</b>	15	0	0	0	1	1	1	0	1	1	1
<b>MTREF Funded ✓ / Unfunded ✗</b>	15	✗	✗	✗	✓	✓	✓	✗	✓	✓	✓

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**Table 30 MBRR SA18 - Transfers and Grants Received**

DC47 Sekhukhune - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		859 189	1 052 714	1 002 743	1 085 535	1 049 783	1 049 783	1 115 868	1 261 384	1 359 398
Local Government Equitable Share		769 248	942 825	878 833	989 172	989 172	989 172	1 072 869	1 155 825	1 237 157
Expanded Public Works Programme Integrated Grant		2 665	6 294	8 180	13 010	13 010	13 010	16 264	-	-
Local Government Financial Management Grant		1 788	2 200	2 300	2 400	2 400	2 400	2 400	2 400	2 500
Municipal Disaster Relief Grant		767	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		84 721	101 395	113 429	80 953	45 201	45 201	24 335	103 159	119 741
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	21 980	-	2 309	2 309	2 309	2 309	-	-
<i>Development Bank of South Africa</i>		-	21 980	-	-	-	-	-	-	-
<i>Education Training and Development Practices SETA</i>		-	-	-	2 309	2 309	2 309	2 309	-	-
<i>Health and Welfare SETA</i>		-	-	-	-	-	-	-	-	-
<i>Poverty Relief</i>		-	-	-	-	-	-	-	-	-
<i>Skill Development and Training</i>		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	859 189	1 074 694	1 002 743	1 087 844	1 052 092	1 052 092	1 118 177	1 261 384	1 359 398
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		443 917	448 727	345 117	469 076	567 323	567 323	551 608	557 786	572 602
Municipal Infrastructure Grant		333 387	358 746	299 598	466 625	513 329	513 329	549 148	497 891	510 044
Regional Bulk Infrastructure Grant		69 820	58 644	36 898	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		2 063	2 309	-	2 451	2 451	2 451	2 460	2 571	2 686
Water Services Infrastructure Grant		38 646	29 027	8 621	-	51 543	51 543	-	57 324	59 872
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		708	1 208	1 598	-	-	-	-	-	-
<i>Education Training and Development Practices SETA</i>		708	1 202	1 598	-	-	-	-	-	-
<i>Government Motor Transport</i>		-	7	-	-	-	-	-	-	-
<i>Housing Development Agency</i>		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	444 625	449 935	346 715	469 076	567 323	567 323	551 608	557 786	572 602
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		1 303 814	1 524 629	1 349 458	1 556 920	1 619 415	1 619 415	1 669 785	1 819 170	1 932 000

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**Table 31 MBRR SA19 - Expenditure on Transfers & Grants**

<b>DC47 Sekhukhune - Supporting Table SA19 Expenditure on transfers and grant programme</b>										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
		935 206	952 177	1 066 465	946 315	909 708	909 708	965 811	1 099 949	1 165 594
Local Government Equitable Share		875 716	874 133	945 527	847 501	859 626	859 626	938 710	1 000 015	1 049 331
Expanded Public Works Programme Integrated Grant		63	-	8 248	13 010	12 850	12 850	1 482	1 555	1 628
Local Government Financial Management Grant		1 370	1 596	1 195	2 400	1 900	1 900	2 001	2 099	2 197
Municipal Disaster Relief Grant		270	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		57 788	76 447	111 494	83 404	35 331	35 331	23 619	96 281	112 438
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	293	1 268	2 309	2 309	2 309	2 309	2 551	2 670
<i>Education Training and Development Practices SETA</i>		-	293	1 268	2 309	2 309	2 309	2 309	2 551	2 670
<b>Total operating expenditure of Transfers and Grants:</b>		<b>935 206</b>	<b>952 470</b>	<b>1 067 733</b>	<b>948 624</b>	<b>912 017</b>	<b>912 017</b>	<b>968 120</b>	<b>1 102 500</b>	<b>1 168 264</b>
<b>Capital expenditure of Transfers and Grants</b>										
0		386 878	398 319	307 774	469 076	567 983	567 983	551 608	557 786	572 602
Expanded Public Works Programme Integrated Grant		-	-	-	-	160	160	-	-	-
Local Government Financial Management Grant		-	-	1 011	-	500	500	-	-	-
Municipal Infrastructure Grant		291 739	313 369	258 860	466 625	513 329	513 329	549 148	497 891	510 044
Regional Bulk Infrastructure Grant		59 443	57 333	35 358	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		2 091	-	-	2 451	2 451	2 451	2 460	2 571	2 686
Water Services Infrastructure Grant		33 606	27 617	12 546	-	51 543	51 543	-	57 324	59 872
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>386 878</b>	<b>398 319</b>	<b>307 774</b>	<b>469 076</b>	<b>567 983</b>	<b>567 983</b>	<b>551 608</b>	<b>557 786</b>	<b>572 602</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>1 322 085</b>	<b>1 350 789</b>	<b>1 375 507</b>	<b>1 417 700</b>	<b>1 480 000</b>	<b>1 480 000</b>	<b>1 519 728</b>	<b>1 660 285</b>	<b>1 740 866</b>

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**MBRR SA 20 – Reconciliation of transfers, grant receipts and unspent funds**

DC47 Sekhukhune - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>										
<b>Operating transfers and grants:</b>	1,3									
Balance unspent at beginning of the year		(1)	(124)	3	-	-	-	(42 999)	-	-
Current year receipts		(5 344)	(8 843)	(10 480)	(96 363)	(60 611)	(60 611)	(42 999)	(105 559)	(122 241)
<b>Conditions met - transferred to revenue</b>		<b>5 220</b>	<b>8 970</b>	<b>10 480</b>	<b>96 363</b>	<b>60 611</b>	<b>60 611</b>	<b>42 999</b>	<b>105 559</b>	<b>122 241</b>
Conditions still to be met - transferred to liabilities		(125)	3	3	-	-	-	(88 307)	-	-
<b>Other grant providers:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	(2 309)	-	-
Current year receipts		-	-	-	(2 309)	(2 309)	(2 309)	(2 309)	-	-
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2 309</b>	<b>2 309</b>	<b>2 309</b>	<b>2 309</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	(2 309)	-	-
<b>Total operating transfers and grants revenue</b>		<b>5 220</b>	<b>8 970</b>	<b>10 480</b>	<b>98 672</b>	<b>62 920</b>	<b>62 920</b>	<b>45 308</b>	<b>105 559</b>	<b>122 241</b>
<b>Total operating transfers and grants - CTBM</b>	2	<b>(125)</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(90 616)</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>	1,3									
Balance unspent at beginning of the year		(61 052)	(21 354)	(30 318)	(20 000)	(100 000)	(100 000)	(651 608)	(104 900)	(619 874)
Current year receipts		(527 622)	(521 796)	(456 393)	(469 076)	(567 323)	(567 323)	(551 608)	(557 786)	(569 339)
<b>Conditions met - transferred to revenue</b>		<b>458 818</b>	<b>491 478</b>	<b>437 949</b>	<b>469 076</b>	<b>567 323</b>	<b>567 323</b>	<b>551 608</b>	<b>557 786</b>	<b>569 339</b>
Conditions still to be met - transferred to liabilities		(190 903)	(73 026)	(48 763)	(20 000)	(100 000)	(100 000)	(1 203 216)	(104 900)	(1 129 918)
<b>Provincial Government:</b>										
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		<b>458 818</b>	<b>491 478</b>	<b>437 949</b>	<b>469 076</b>	<b>567 323</b>	<b>567 323</b>	<b>551 608</b>	<b>557 786</b>	<b>569 339</b>
<b>Total capital transfers and grants - CTBM</b>	2	<b>(190 903)</b>	<b>(73 026)</b>	<b>(48 763)</b>	<b>(20 000)</b>	<b>(100 000)</b>	<b>(100 000)</b>	<b>(1 203 216)</b>	<b>(104 900)</b>	<b>(1 129 918)</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>464 038</b>	<b>500 448</b>	<b>448 429</b>	<b>567 748</b>	<b>630 243</b>	<b>630 243</b>	<b>596 916</b>	<b>663 345</b>	<b>691 581</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		<b>(191 028)</b>	<b>(73 023)</b>	<b>(48 760)</b>	<b>(20 000)</b>	<b>(100 000)</b>	<b>(100 000)</b>	<b>(1 293 832)</b>	<b>(104 900)</b>	<b>(1 129 918)</b>

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**MBRR SA22 - Summary of councillor and staff benefits**

<b>DC47 Sekhukhune - Supporting Table SA22 Summary councillor and staff benefits</b>										
Summary of Employee and Councillor remuneration	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		7 126	7 039	8 757	7 967	7 967	7 967	8 389	8 800	9 214
Pension and UIF Contributions		513	497	574	599	599	599	631	662	693
Medical Aid Contributions		219	226	258	253	253	253	267	280	293
Motor Vehicle Allowance										
Cellphone Allowance		1 582	1 564	1 559	1 985	1 685	1 685	1 775	1 862	1 949
Housing Allowances										
Other benefits and allowances		6 026	5 717	4 483	7 617	7 617	7 617	8 021	8 414	8 810
<b>Sub Total - Councillors</b>		<b>15 467</b>	<b>15 043</b>	<b>15 631</b>	<b>18 422</b>	<b>18 122</b>	<b>18 122</b>	<b>19 083</b>	<b>20 018</b>	<b>20 958</b>
% increase	4		(2.7%)	3.9%	17.9%	(1.6%)	-	5.3%	4.9%	4.7%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		3 025	5 164	3 375	6 120	6 120	6 120	6 445	6 760	7 078
Pension and UIF Contributions		160	242	30	479	479	479	505	529	554
Medical Aid Contributions		9	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	229	508	368	657	657	657	692	726	760
Cellphone Allowance	3	48	102	107	174	174	174	183	192	201
Housing Allowances	3	100	35	-	125	125	125	132	138	145
Other benefits and allowances	3	120	66	47	211	211	211	222	233	244
Payments in lieu of leave		-	77	116	157	157	157	165	173	181
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	(1 812)	8 851	5 981	-	-	-	-	-	-
<i>Acting and post related allowance</i>		29	13	56	63	63	63	66	70	73
<b>Sub Total - Senior Managers of Municipality</b>		<b>1 878</b>	<b>15 044</b>	<b>10 024</b>	<b>7 924</b>	<b>7 924</b>	<b>7 924</b>	<b>8 410</b>	<b>8 822</b>	<b>9 237</b>
0			701.0%	(33.4%)	(21.0%)	-	-	6.1%	4.9%	4.7%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		246 415	254 809	270 628	328 260	321 080	321 080	327 271	343 386	359 525
Pension and UIF Contributions		40 594	42 169	41 989	44 884	46 729	46 729	49 132	51 540	53 962
Medical Aid Contributions		13 325	14 030	13 879	14 428	15 042	15 042	15 193	15 937	16 686
Overtime		38 100	34 535	29 709	25 091	21 156	21 156	19 990	20 969	21 955
Performance Bonus		-	-	474	-	100	100	-	-	-
Motor Vehicle Allowance	3	27 397	23 436	24 295	25 708	27 886	27 886	28 321	29 708	31 105
Cellphone Allowance	3	1 640	1 530	1 510	1 844	2 336	2 336	19 745	20 713	21 686
Housing Allowances	3	2 270	2 238	2 542	3 312	3 812	3 812	3 540	3 713	3 888
Other benefits and allowances	3	11 595	12 663	5 161	1 470	1 648	1 648	1 181	1 238	1 297
Payments in lieu of leave		3 852	3 021	625	4 975	4 975	4 975	4 094	4 294	4 496
Long service awards		4 160	2 840	0	1 268	1 368	1 368	1 440	1 511	1 582
Post-retirement benefit obligations	6	1 418	173	-	202	202	202	213	223	234
<i>Acting and post related allowance</i>		-	-	121	-	260	260	-	-	-
<i>In kind benefits</i>										
<b>Sub Total - Other Municipal Staff</b>		<b>390 768</b>	<b>391 445</b>	<b>390 812</b>	<b>451 442</b>	<b>446 334</b>	<b>446 334</b>	<b>470 119</b>	<b>493 234</b>	<b>516 416</b>
0			0.2%	(0.2%)	15.5%	(1.1%)	-	5.3%	4.9%	4.7%
<b>Total Parent Municipality</b>		<b>408 113</b>	<b>421 531</b>	<b>416 468</b>	<b>477 788</b>	<b>472 380</b>	<b>472 380</b>	<b>497 612</b>	<b>522 073</b>	<b>546 611</b>
			3.3%	(1.2%)	14.7%	(1.1%)	-	5.3%	4.9%	4.7%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>408 113</b>	<b>421 531</b>	<b>416 468</b>	<b>477 788</b>	<b>472 380</b>	<b>472 380</b>	<b>497 612</b>	<b>522 073</b>	<b>546 611</b>
0			3.3%	(1.2%)	14.7%	(1.1%)	-	5.3%	4.9%	4.7%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>392 646</b>	<b>406 489</b>	<b>400 836</b>	<b>459 366</b>	<b>454 258</b>	<b>454 258</b>	<b>478 529</b>	<b>502 056</b>	<b>525 652</b>

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The following table SA23 indicates the remuneration for the political office bearers.

<b>DC47 Sekhukhune - Supporting Table SA23 Salaries, allowances &amp; benefits (political office bearers/councillors/senior managers)</b>								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
				1.				2.
<b>Rand per annum</b>								
<b>Councillors</b>	3							
Speaker	4		793 142	83 721	54 114			930 977
Chief Whip			513 936	78 861	341 166			933 963
Executive Mayor			916 115	68 708	54 114			1 038 937
Deputy Executive Mayor								-
Executive Committee			3 986 210	513 036	3 165 157			7 664 403
Total for all other councillors			2 179 653	153 364	6 181 282			8 514 299
<b>Total Councillors</b>	<b>8</b>	<b>-</b>	<b>8 389 056</b>	<b>897 690</b>	<b>9 795 833</b>			<b>19 082 579</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 594 924	88 533	302 493	-		1 985 950
Chief Finance Officer			1 368 900	113 644	274 587	-		1 757 131
SM D01			-	270 279	179 299	-		449 578
SM D02			1 145 758	2 432	135 952	-		1 284 142
SM D03			-	-	-	-		-
SM D04			1 263 600	29 875	181 740	-		1 475 215
SM D05			1 071 364		386 555	-		1 457 919
								-
<b>Total Senior Managers of the Municipality</b>	<b>8,10</b>	<b>-</b>	<b>6 444 546</b>	<b>504 763</b>	<b>1 460 626</b>	<b>-</b>		<b>8 409 935</b>
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								
<b>Total for municipal entities</b>	<b>8,10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>10</b>	<b>-</b>	<b>14 833 602</b>	<b>1 402 453</b>	<b>11 256 459</b>	<b>-</b>		<b>27 492 514</b>



**Monthly targets for revenue, expenditure and cash flow**

The following tables shows how the municipality is planning to receive its budgeted revenue and spend funds appropriated per cost centre, standard classification and the cash inflow and out flow per month.

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MBRR SA25 - Budgeted monthly revenue and expenditure

DC47 Sekhukhune - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Revenue</b>																
<b>Exchange Revenue</b>																
Service charges - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - Water		19 034	4 396	5 054	6 287	4 396	2 998	5 054	5 876	8 343	6 287	8 426	17 390	93 542	98 125	102 737
Service charges - Waste Water Management		1 797	908	1 086	864	1 086	1 130	1 352	1 530	997	1 175	1 264	2 330	15 517	16 278	17 043
Sale of Goods and Rendering of Services		187	187	187	187	187	187	187	187	187	187	187	187	2 249	2 360	2 471
Interest earned from Receivables		1 336	1 336	1 336	1 336	1 336	1 336	1 336	1 336	1 336	1 336	1 336	1 336	16 028	16 813	17 604
Interest earned from Current and Non Current Assets		2 398	2 064	1 286	3 065	2 175	1 953	2 620	3 065	3 510	1 508	1 397	1 953	26 992	31 170	41 594
Operational Revenue		3	3	3	3	3	3	3	3	3	3	3	3	37	39	41
<b>Non-Exchange Revenue</b>																
Surcharges and Taxes		0	0	0	0	0	0	0	0	0	0	0	0	3	4	4
Fines, penalties and forfeits		4	4	4	4	4	4	4	4	4	4	4	4	53	55	58
Transfer and subsidies - Operational		4 412	-	194 364	-	-	-	437 178	8 901	-	-	3 715	469 608	1 118 177	1 261 384	1 359 398
Gains on disposal of Assets		38	38	38	38	38	38	38	38	38	38	38	38	453	475	497
<b>Total Revenue (excluding capital transfers and contr</b>		<b>29 210</b>	<b>8 937</b>	<b>203 358</b>	<b>11 785</b>	<b>9 226</b>	<b>7 650</b>	<b>447 773</b>	<b>20 940</b>	<b>14 419</b>	<b>10 539</b>	<b>16 369</b>	<b>492 848</b>	<b>1 273 052</b>	<b>1 426 704</b>	<b>1 541 447</b>
<b>Expenditure</b>																
Employee related costs		37 312	34 995	37 578	38 961	42 913	38 731	42 066	39 971	34 477	38 099	40 757	52 669	478 529	502 056	525 652
Remuneration of councillors		1 590	1 590	1 590	1 590	1 590	1 590	1 590	1 590	1 590	1 590	1 590	1 590	19 083	20 018	20 958
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		15 422	15 422	15 422	15 422	15 422	15 422	15 422	15 422	15 422	15 422	15 422	15 422	185 067	224 718	269 084
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation		8 320	8 320	8 320	8 320	8 320	8 320	8 320	8 320	8 320	8 320	8 320	8 320	99 840	104 732	109 655
Interest		9	9	9	9	9	9	9	9	9	9	9	9	105	110	116
Contracted services		16 897	16 897	16 897	16 897	16 897	16 897	16 897	16 897	16 897	16 897	16 897	16 897	202 768	312 161	339 979
Transfers and subsidies		1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	20 000	-	-
Irrecoverable debts written off		442	442	442	442	442	442	442	442	442	442	442	442	5 307	5 567	5 828
Operational costs		17 627	18 044	18 507	26 563	14 479	14 479	18 646	17 720	17 257	20 035	18 507	18 183	220 048	233 899	245 479
<b>Total Expenditure</b>		<b>99 287</b>	<b>97 387</b>	<b>100 432</b>	<b>109 871</b>	<b>101 740</b>	<b>97 558</b>	<b>105 060</b>	<b>102 038</b>	<b>96 082</b>	<b>102 481</b>	<b>103 611</b>	<b>115 198</b>	<b>1 230 747</b>	<b>1 403 260</b>	<b>1 516 751</b>
<b>Surplus/(Deficit)</b>		<b>(70 078)</b>	<b>(88 450)</b>	<b>102 925</b>	<b>(98 087)</b>	<b>(92 515)</b>	<b>(89 909)</b>	<b>342 713</b>	<b>(81 098)</b>	<b>(81 663)</b>	<b>(91 942)</b>	<b>(87 242)</b>	<b>377 650</b>	<b>42 305</b>	<b>23 444</b>	<b>24 695</b>
Transfers and subsidies - capital (monetary allocations)		205	205	137 492	205	205	205	219 864	205	205	205	205	192 407	551 608	557 786	572 602
<b>Surplus/(Deficit) for the year</b>	1	<b>(69 873)</b>	<b>(88 245)</b>	<b>240 418</b>	<b>(97 882)</b>	<b>(92 310)</b>	<b>(89 704)</b>	<b>562 577</b>	<b>(80 893)</b>	<b>(81 458)</b>	<b>(91 737)</b>	<b>(87 037)</b>	<b>570 057</b>	<b>593 913</b>	<b>581 229</b>	<b>597 297</b>

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**MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

<b>DC47 Sekhukhune - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)</b>																
Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand																
<b>Vote 01 - Speakers Office</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 01 - Speakers Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Executive Mayor's Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Budget And Treasury		29 415	9 142	340 850	11 990	9 431	7 855	667 637	21 145	14 624	10 744	16 574	685 255	1 824 660	1 984 489	2 114 048
Vote 05 - Infrastructure And Water Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Planning And Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Sekhukhune Development Angancy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>29 415</b>	<b>9 142</b>	<b>340 850</b>	<b>11 990</b>	<b>9 431</b>	<b>7 855</b>	<b>667 637</b>	<b>21 145</b>	<b>14 624</b>	<b>10 744</b>	<b>16 574</b>	<b>685 255</b>	<b>1 824 660</b>	<b>1 984 489</b>	<b>2 114 048</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 01 - Speakers Office		4 366	4 366	4 366	4 366	4 366	4 366	4 366	4 366	4 366	4 366	4 366	4 366	52 392	55 163	58 326
Vote 02 - Executive Mayor's Office		3 862	3 862	3 862	3 862	3 862	3 862	3 862	3 862	3 862	3 862	3 862	3 862	46 344	49 215	51 331
Vote 03 - Municipal Manager Office		8 170	8 170	8 170	8 170	8 170	8 170	8 170	8 170	8 170	8 170	8 170	8 170	98 044	118 718	122 795
Vote 04 - Budget And Treasury		16 104	16 104	16 104	16 104	16 104	16 104	16 104	16 104	16 104	16 104	16 104	16 104	193 249	202 326	212 063
Vote 05 - Infrastructure And Water Services		45 464	41 266	45 408	42 386	47 983	43 281	49 103	44 065	40 146	44 625	45 856	50 390	539 974	656 448	732 833
Vote 06 - Planning And Economic Development		1 827	1 827	1 827	1 827	1 827	1 827	1 827	1 827	1 827	1 827	1 827	1 827	21 927	24 741	27 159
Vote 07 - Community Services		4 828	6 549	4 828	8 270	6 303	8 270	4 337	7 311	7 311	5 812	4 042	9 745	77 608	81 411	85 238
Vote 08 - Sekhukhune Development Angancy		776	776	776	776	776	776	776	776	776	776	776	776	9 315	12 120	13 027
Vote 09 - Corporate Services		13 888	14 466	15 089	24 109	12 347	10 901	16 514	15 556	13 518	16 939	18 607	19 959	191 894	203 117	213 979
<b>Total Expenditure by Vote</b>		<b>99 287</b>	<b>97 387</b>	<b>100 432</b>	<b>109 871</b>	<b>101 740</b>	<b>97 558</b>	<b>105 060</b>	<b>102 038</b>	<b>96 082</b>	<b>102 481</b>	<b>103 611</b>	<b>115 198</b>	<b>1 230 747</b>	<b>1 403 260</b>	<b>1 516 751</b>
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>(69 873)</b>	<b>(88 245)</b>	<b>240 418</b>	<b>(97 882)</b>	<b>(92 310)</b>	<b>(89 704)</b>	<b>562 577</b>	<b>(80 893)</b>	<b>(81 458)</b>	<b>(91 737)</b>	<b>(87 037)</b>	<b>570 057</b>	<b>593 913</b>	<b>581 229</b>	<b>597 297</b>

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**MBRR SA27 - Budgeted monthly revenue and expenditure (Standard classification)**

<b>DC47 Sekhukhune - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)</b>																
Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>																
<b>Revenue - Functional</b>																
<i>Governance and administration</i>		29 415	9 142	340 850	11 990	9 431	7 855	667 637	21 145	14 624	10 744	16 574	685 255	1 824 660	1 984 489	2 114 048
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		29 415	9 142	340 850	11 990	9 431	7 855	667 637	21 145	14 624	10 744	16 574	685 255	1 824 660	1 984 489	2 114 048
Internal audit													-	-	-	-
<b>Total Revenue - Functional</b>		29 415	9 142	340 850	11 990	9 431	7 855	667 637	21 145	14 624	10 744	16 574	685 255	1 824 660	1 984 489	2 114 048
			9 142	340 850	11 990	9 431	7 855	667 637	21 145	14 624	10 744	16 574				
<b>Expenditure - Functional</b>																
<i>Governance and administration</i>		51 219	53 517	52 420	64 882	51 153	51 674	53 353	55 370	53 332	55 253	55 152	62 205	659 531	709 950	743 732
Executive and council		16 398	16 398	16 398	16 398	16 398	16 398	16 398	16 398	16 398	16 398	16 398	16 398	196 780	223 096	232 452
Finance and administration		34 821	37 119	36 022	48 484	34 755	35 275	36 955	38 972	36 933	38 855	38 753	45 808	462 751	486 854	511 280
Internal audit													-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 603	31 242	36 862	40 187
Planning and development		2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 604	2 603	31 242	36 862	40 187
<i>Trading services</i>		45 464	41 266	45 408	42 386	47 983	43 281	49 103	44 065	40 146	44 625	45 856	50 390	539 974	656 448	732 833
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		45 259	41 060	45 203	42 180	47 778	43 076	48 897	43 859	39 941	44 419	45 651	50 185	537 508	653 861	730 124
Waste water management		206	206	206	206	206	206	206	206	206	206	206	205	2 466	2 587	2 709
<b>Total Expenditure - Functional</b>		99 287	97 387	100 432	109 871	101 740	97 558	105 060	102 038	96 082	102 481	103 611	115 198	1 230 747	1 403 260	1 516 751
<b>Surplus/(Deficit) before assoc.</b>		(69 873)	(88 245)	240 418	(97 882)	(92 310)	(89 704)	562 577	(80 893)	(81 458)	(91 737)	(87 037)	570 057	593 913	581 229	597 297
Intercompany/Parent subsidiary transactions													-	-	-	-
<b>Surplus/(Deficit)</b>	1	(69 873)	(88 245)	240 418	(97 882)	(92 310)	(89 704)	562 577	(80 893)	(81 458)	(91 737)	(87 037)	570 057	593 913	581 229	597 297

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Table 39 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

DC47 Sekhukhune - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 01 - Speakers Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Executive Mayor's Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Budget And Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Infrastructure And Water Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Planning And Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Sekhukhune Development Angancy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 01 - Speakers Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Executive Mayor's Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Budget And Treasury		2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	28 450	8 160	8 600
Vote 05 - Infrastructure And Water Services		23 814	23 814	66 392	23 814	59 552	66 392	23 814	59 552	66 392	23 814	59 552	66 392	563 293	570 008	585 387
Vote 06 - Planning And Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Community Services		17	17	17	17	17	17	17	17	17	17	17	17	200	250	300
Vote 08 - Sekhukhune Development Angancy		125	125	125	125	125	125	125	125	125	125	125	125	1 500	700	800
Vote 09 - Corporate Services		25	25	25	25	25	25	25	25	25	25	25	25	300	-	-
<b>Capital single-year expenditure sub-total</b>	2	<b>26 351</b>	<b>26 351</b>	<b>68 929</b>	<b>26 351</b>	<b>62 090</b>	<b>68 929</b>	<b>26 351</b>	<b>62 090</b>	<b>68 929</b>	<b>26 351</b>	<b>62 090</b>	<b>68 929</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>
<b>Total Capital Expenditure</b>	2	<b>26 351</b>	<b>26 351</b>	<b>68 929</b>	<b>26 351</b>	<b>62 090</b>	<b>68 929</b>	<b>26 351</b>	<b>62 090</b>	<b>68 929</b>	<b>26 351</b>	<b>62 090</b>	<b>68 929</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>

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**MBRR SA29 - Budgeted monthly capital expenditure (Standard classification)**

<b>DC47 Sekhukhune - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)</b>																
Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Capital Expenditure - Functional</b>	1															
<b>Governance and administration</b>		2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 412	28 950	8 410	8 900
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 412	28 950	8 410	8 900
Internal audit													-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		125	125	125	125	125	125	125	125	125	125	125	125	1 500	700	800
Planning and development		125	125	125	125	125	125	125	125	125	125	125	125	1 500	700	800
<b>Trading services</b>		23 814	23 814	66 392	23 814	59 552	66 392	23 814	59 552	66 392	23 814	59 552	66 392	563 293	570 008	585 387
Energy sources													-	-	-	-
Water management		23 814	23 814	66 392	23 814	59 552	66 392	23 814	59 552	66 392	23 814	59 552	66 392	563 293	570 008	585 387
<b>Other</b>													-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	26 351	26 351	68 929	26 351	62 090	68 929	26 351	62 090	68 929	26 351	62 090	68 929	593 743	579 118	595 087
<b>Funded by:</b>																
National Government		22 840	22 840	65 418	22 840	58 579	65 418	22 840	58 579	65 418	22 840	58 579	65 418	551 608	557 786	572 602
Transfers recognised - capital		22 840	22 840	65 418	22 840	58 579	65 418	22 840	58 579	65 418	22 840	58 579	65 418	551 608	557 786	572 602
<b>Borrowing</b>													-	-	-	-
Internally generated funds		3 511	3 511	3 511	3 511	3 511	3 511	3 511	3 511	3 511	3 511	3 511	3 511	42 135	21 333	22 485
<b>Total Capital Funding</b>		26 351	26 351	68 929	26 351	62 090	68 929	26 351	62 090	68 929	26 351	62 090	68 929	593 743	579 118	595 087

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Table 41 MBRR SA30 - Budgeted monthly cash flow (Standard classification)

DC47 Sekhukhune - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Cash Receipts By Source</b>																
Service charges - water revenue	3 770	2 129	11 973	78	78	78	2 129	2 949	4 590	3 360	4 590	6 231	41 955	48 981	55 689	
Service charges - sanitation revenue	2 445	1 556	1 734	1 512	1 734	1 778	2 000	2 178	1 645	1 823	1 912	2 978	23 294	29 812	28 778	
Interest earned - external investments	1 884	1 884	1 884	1 884	1 884	1 884	1 884	1 884	1 884	1 884	1 884	1 884	22 612	23 630	23 789	
Fines, penalties and forfeits	4	4	4	4	4	4	4	4	4	4	4	4	45	47	49	
Transfers and Subsidies - Operational	3 776	3 776	186 163	3 776	3 776	3 776	432 923	3 776	3 776	3 776	3 776	465 109	1 118 177	1 261 384	1 359 398	
Other revenue	181	181	181	181	181	181	181	181	181	181	181	181	2 174	2 288	2 612	
<b>Cash Receipts by Source</b>	<b>12 059</b>	<b>9 530</b>	<b>201 940</b>	<b>7 435</b>	<b>7 657</b>	<b>7 701</b>	<b>439 122</b>	<b>10 972</b>	<b>12 080</b>	<b>11 027</b>	<b>12 347</b>	<b>476 387</b>	<b>1 208 258</b>	<b>1 366 144</b>	<b>1 470 316</b>	
<b>Other Cash Flows by Source</b>																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	205	205	125 737	205	205	205	183 254	205	205	205	205	240 772	551 608	557 786	569 339	
Proceeds on Disposal of Fixed and Intangible Assets	38	38	38	38	38	38	38	38	38	38	38	38	453	475	497	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	111	116	
<b>Total Cash Receipts by Source</b>	<b>12 302</b>	<b>9 773</b>	<b>327 715</b>	<b>7 678</b>	<b>7 900</b>	<b>7 944</b>	<b>622 414</b>	<b>11 215</b>	<b>12 323</b>	<b>11 270</b>	<b>12 589</b>	<b>717 197</b>	<b>1 760 319</b>	<b>1 924 515</b>	<b>2 040 268</b>	
<b>Cash Payments by Type</b>																
Employee related costs	18 348	16 031	18 614	19 997	23 950	19 768	23 102	21 007	15 513	19 135	21 793	33 705	250 962	83 416	377 313	
Remuneration of councillors	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	19 000	-	-	
Acquisitions - water & other inventory	5 571	5 571	5 571	5 571	5 571	5 571	5 571	5 571	5 571	5 571	5 571	5 571	66 851	191 324	163 909	
Contracted services	9 316	9 316	9 316	9 316	9 316	9 316	9 316	9 316	9 316	9 316	9 316	9 315	111 790	(133 973)	226 976	
Other expenditure	47 422	47 839	48 302	56 358	44 274	44 274	48 441	47 515	47 052	49 830	48 302	47 977	577 585	940 081	482 059	
<b>Cash Payments by Type</b>	<b>82 240</b>	<b>80 340</b>	<b>83 386</b>	<b>92 825</b>	<b>84 694</b>	<b>80 512</b>	<b>88 013</b>	<b>84 992</b>	<b>79 035</b>	<b>85 435</b>	<b>86 565</b>	<b>98 152</b>	<b>1 026 188</b>	<b>1 080 847</b>	<b>1 250 258</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	26 351	26 351	68 929	26 351	62 090	68 929	26 351	62 090	68 929	26 351	62 090	68 929	593 743	579 118	595 087	
<b>Total Cash Payments by Type</b>	<b>108 592</b>	<b>106 692</b>	<b>152 315</b>	<b>119 176</b>	<b>146 783</b>	<b>149 441</b>	<b>114 364</b>	<b>147 082</b>	<b>147 965</b>	<b>111 786</b>	<b>148 654</b>	<b>167 081</b>	<b>1 619 931</b>	<b>1 659 965</b>	<b>1 845 345</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(96 290)</b>	<b>(96 919)</b>	<b>175 400</b>	<b>(111 498)</b>	<b>(138 884)</b>	<b>(141 497)</b>	<b>508 050</b>	<b>(135 866)</b>	<b>(135 642)</b>	<b>(100 516)</b>	<b>(136 065)</b>	<b>550 115</b>	<b>140 388</b>	<b>264 550</b>	<b>194 923</b>	
Cash/cash equivalents at the month/year begin:	275 961	179 672	82 753	258 153	146 654	7 770	(133 727)	374 323	238 457	102 815	2 299	(133 766)	275 961	416 349	680 899	
Cash/cash equivalents at the month/year end:	179 672	82 753	258 153	146 654	7 770	(133 727)	374 323	238 457	102 815	2 299	(133 766)	416 349	416 349	680 899	875 822	

### 3.11 Contracts having future budgetary implications

The municipality has entered into a 10 year contract with the Lepelle Northern Water to provide bulk water services.

### 3.12 Capital expenditure details

The following three tables present details of the municipality’s capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

#### MBRR SA 34a - Capital expenditure on new assets by asset class

DC47 Sekhukhune - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		284 351	281 662	281 214	479 083	585 809	585 809	580 833	549 955	558 075
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		283 703	281 600	281 214	479 083	585 809	585 809	580 833	549 955	558 075
<i>Bulk Mains</i>		818	-	-	2 000	5 500	5 500	-	67 917	144 614
<i>Distribution</i>		282 885	281 600	281 214	477 083	580 309	580 309	580 833	482 038	413 461
Sanitation Infrastructure		648	62	-	-	-	-	-	-	-
<i>Pump Station</i>		648	62	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	1 500	1 500	1 500	700	800
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	1 500	1 500	1 500	700	800
<i>Computer Software and Applications</i>		-	-	-	-	1 500	1 500	1 500	700	800
<b>Computer Equipment</b>		163	-	4 025	2 880	5 340	5 340	1 300	-	-
Computer Equipment		163	-	4 025	2 880	5 340	5 340	1 300	-	-
<b>Furniture and Office Equipment</b>		-	-	445	750	1 979	1 979	1 700	250	300
Furniture and Office Equipment		-	-	445	750	1 979	1 979	1 700	250	300
<b>Machinery and Equipment</b>		-	-	322	-	-	-	-	-	-
Machinery and Equipment		-	-	322	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>284 515</b>	<b>281 662</b>	<b>286 005</b>	<b>482 713</b>	<b>594 628</b>	<b>594 628</b>	<b>585 333</b>	<b>550 905</b>	<b>559 175</b>



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**MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

<b>DC47 Sekhukhune - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class</b>										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		93 986	115 458	61 642	4 043	15 400	15 400	-	19 483	26 625
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		93 986	115 458	59 458	4 043	15 400	15 400	-	19 483	26 625
<i>Boreholes</i>		6 287	10 406	4 241	-	10 706	10 706	-	19 483	26 625
<i>Water Treatment Works</i>		87 699	104 589	54 045	4 043	4 694	4 694	-	-	-
<i>Distribution</i>		-	462	1 172	-	-	-	-	-	-
Sanitation Infrastructure		-	-	2 184	-	-	-	-	-	-
<i>Waste Water Treatment Works</i>		-	-	2 184	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	(616)	-	-	-	-	-	-	-
Furniture and Office Equipment		-	(616)	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		-	21 980	3 390	-	-	-	5 750	5 910	6 300
Transport Assets		-	21 980	3 390	-	-	-	5 750	5 910	6 300
<b>Land</b>		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>1</b>	<b>93 986</b>	<b>136 822</b>	<b>65 031</b>	<b>4 043</b>	<b>15 400</b>	<b>15 400</b>	<b>5 750</b>	<b>25 393</b>	<b>32 925</b>

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**MBRR SA34c - Repairs and maintenance expenditure by asset class**

DC47 Sekhukhune - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>	<b>1</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		95 653	104 412	137 140	108 103	64 395	64 395	43 243	132 366	150 395
Water Supply Infrastructure		19 284	26 881	36 563	43 957	35 101	35 101	31 902	44 060	46 317
<i>Dams and Weirs</i>										
<i>Boreholes</i>		15 231	9 793	31 105	29 823	23 386	23 386	21 821	28 284	29 816
<i>Distribution</i>		4 053	17 088	5 458	14 135	11 715	11 715	10 082	15 776	16 501
Sanitation Infrastructure		76 369	77 530	100 577	64 145	28 394	28 394	10 093	87 311	103 038
<i>Pump Station</i>										
<i>Reticulation</i>		57 788	76 422	91 994	50 000	14 249	14 249	-	71 524	86 524
<i>Waste Water Treatment Works</i>										
<i>Outfall Sewers</i>		18 581	1 108	8 583	14 145	14 145	14 145	10 093	15 787	16 514
<i>Toilet Facilities</i>		-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>										
Solid Waste Infrastructure		-	-	-	-	900	900	1 248	994	1 041
<i>Electricity Generation Facilities</i>		-	-	-	-	900	900	1 248	994	1 041
<i>Capital Spares</i>										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	15	104	604	604	636	667	699
Computer Equipment		-	-	15	104	604	604	636	667	699
<b>Furniture and Office Equipment</b>		-	-	-	-	2 000	2 000	2 106	2 209	2 313
Furniture and Office Equipment		-	-	-	-	2 000	2 000	2 106	2 209	2 313
<b>Machinery and Equipment</b>		1	(589)	0	9 066	8 066	8 066	9 669	10 114	10 580
Machinery and Equipment		1	(589)	0	9 066	8 066	8 066	9 669	10 114	10 580
<b>Transport Assets</b>		3 373	1 283	4 388	3 300	6 300	6 300	9 500	10 000	11 200
Transport Assets		3 373	1 283	4 388	3 300	6 300	6 300	9 500	10 000	11 200
<b>Land</b>		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>99 306</b>	<b>105 300</b>	<b>141 737</b>	<b>123 052</b>	<b>83 944</b>	<b>83 944</b>	<b>68 712</b>	<b>159 351</b>	<b>179 322</b>

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### MBRR SA36 - Detailed capital budget per municipal vote

DC47 Sekhukhune - Supporting Table SA36 Detailed capital budget							
R thousand	Function	Project Description	MTSF Service Outcome	2023/24 Medium Term Revenue & Expenditure Framework			
				Audited Outcome 2021/22	Current Year 2022/23 Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25
<b>Parent municipality:</b>							
<i>List all capital projects grouped by Function</i>							
	Administrative And Corporate Support	Computer	<i>An efficient; effective and development-oriented public service</i>	-	1 970	300	-
	Administrative And Corporate Support	Filing Cabinets	<i>An efficient; effective and development-oriented public service</i>	-	600	-	-
	Administrative And Corporate Support	Waste Management Equipment	<i>An efficient; effective and development-oriented public service</i>	-	217	-	-
	Administrative And Corporate Support	Machinery & Equipment		322	-	-	-
	Administrative And Corporate Support	Practical Operational Site	<i>An efficient; effective and development-oriented public service</i>	-	100	200	250
	Finance	Machinery And Equipment	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	-	20 000	2 000
	Finance	Iws Machinery Yellow Vehicles		-	-	5 750	5 910
	Finance	Hard Ware Equipment	<i>An efficient; effective and development-oriented public service</i>	-	-	1 000	-
	Finance	Office Equipment	<i>An efficient; effective and development-oriented public service</i>	-	400	1 700	250
	Mayor And Council	Office Equipment	<i>An efficient; effective and development-oriented public service</i>	-	162	-	-
	Support To Local Municipalities	Computer	<i>An efficient; effective and development-oriented public service</i>	-	100	-	-
	Support To Local Municipalities	Office Equipment	<i>An efficient; effective and development-oriented public service</i>	-	100	-	-
	Support To Local Municipalities	Financial System	<i>An efficient; effective and development-oriented public service</i>	-	1 500	1 500	700
	Waste Water Treatment	Sdm-Capital Replacement Reserve	<i>An efficient; competitive and responsive economic infrastructure network</i>	2 184	-	-	-
	Water Distribution	Wsig-Tukagomo Rdp Section Borehole	<i>An efficient; competitive and responsive economic infrastructure network</i>	4 241	-	-	-
	Water Distribution	Wsig-Mabulela Water Supply	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	1 626	-	-
	Water Distribution	Wsig-Tukagomo Water Supply - Phase 6	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	-	-	8 145
	Water Distribution	Wsig-Tukagomo Water Supply Phase V	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	9 080	-	3 000
	Water Distribution	Wsig-Laesdrift Water Source Dev & Bulk	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	-	-	8 338
	Water Distribution	Mig-Nsd07 Region Water Schm Reserv	<i>An efficient; competitive and responsive economic infrastructure network</i>	18 687	4 694	-	-
	Water Distribution	Nebo Plateau 1a Steelpoort- Jf Pipeline	<i>An efficient; competitive and responsive economic infrastructure network</i>	1 120	-	-	-
	Water Distribution	Nebo Plateau Bulk Water Phase 1	<i>An efficient; competitive and responsive economic infrastructure network</i>	1 763	-	-	-
	Water Distribution	Rbig-Ctrml Phase 4g Bulk	<i>An efficient; competitive and responsive economic infrastructure network</i>	32 475	-	-	-
	Water Distribution	Wsig- Phiring Water Intervention Ph2	<i>An efficient; competitive and responsive economic infrastructure network</i>	1 172	-	-	-
	Water Distribution	Rrams Capital Acquisition	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	2 451	2 460	2 571
	Water Distribution	Mig - Upgrading Of Groblersdal-Luckau P3	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	-	-	34 917
	Water Distribution	Mig - Upgrading Of Groblersdal-Luckau P4	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	-	-	52 000
	Water Distribution	Mig Nkadimeng Rws Ext2( Ph 9-11)¶	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	5 500	-	33 000
	Water Distribution	Nkadimeng Phase5-10 (Ph 9c1)	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	-	-	-
	Water Distribution	Covid-19 Mig - Covid 19 Projects	<i>An efficient; competitive and responsive economic infrastructure network</i>	7 760	6 861	-	-
	Water Distribution	Dehoop/Nebo Pla/Schonord Sch Vilgs Mkger	<i>An efficient; competitive and responsive economic infrastructure network</i>	86 431	13 554	-	-
	Water Distribution	Ga Maphopha Command Res	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	500	-	-
	Water Distribution	Gamogashwa(Sengapudi & Manamane)	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	5 170	-	-
	Water Distribution	Lebalelo South Connector Pipes & Retic	<i>An efficient; competitive and responsive economic infrastructure network</i>	-	10 000	-	-

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Water Distribution	Makgeru;Garatau & Matekane	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	8 730	–	–	–
Water Distribution	Mig - Mampuru Bulk Water Scheme	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	77 036	150 000	235 179
Water Distribution	Mig - Upgrading Of De Hoop W/W	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	82 858	38 376	–	–
Water Distribution	Mig - Upgrading Of Groblersdal-Luckau P1	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	114 703	170 313	66 293	–
Water Distribution	Mig - Upgrading Of Groblersdal-Luckau P2	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	46 755	124 319	–
Water Distribution	Mig Motailana; Makgemeng & Taung W/s	<i>An efficient; competitive and responsive economic infrastructure network</i>	16 501	21 749	–	–	–
Water Distribution	Mig Zaaiplaas Village Reticul Phase - Co	<i>An efficient; competitive and responsive economic infrastructure network</i>	612	–	–	–	–
Water Distribution	Mig - Mkm Ga-Mashabela Water Reticulat	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	–	–	–
Water Distribution	Mig- Moutse East & West Water Retic	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	66 612	99 304	–	–
Water Distribution	Mig- Moutse East & West Water Retic Ph2	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	–	68 362	–
Water Distribution	Mig- Moutse East & West Water Retic Ph3	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	–	–	55 576
Water Distribution	Mig- Moutse East & West Water Retic Ph4	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	–	–	74 674
Water Distribution	Mig-Gamaphopa Command Reservoir	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	400	–	–	–
Water Distribution	Mig-Gamogashwa(Sengapudi) & (Manamane)	<i>An efficient; competitive and responsive economic infrastructure network</i>	2 968	2 176	–	–	–
Water Distribution	Mig-Glm Lebalelo South Conn Pipes&Retic	<i>An efficient; competitive and responsive economic infrastructure network</i>	23 955	8 374	–	–	–
Water Distribution	Mig-Lebalelo South Ph3maroga & Motolo	<i>An efficient; competitive and responsive economic infrastructure network</i>	73 410	67 994	10 148	–	–
Water Distribution	Mig-Malekane Regional Water Scheme	<i>An efficient; competitive and responsive economic infrastructure network</i>	31 297	123 355	107 216	–	–
Water Distribution	Mig-Olifantspoort South Rws Phase 8	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	–	21 000	–
Water Distribution	Olifantspoort South Rws	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	–	–	–
Water Distribution	Sdm-Capital Replacement Reserve	<i>An efficient; competitive and responsive economic infrastructure network</i>	31 149	6 437	11 685	12 223	12 785
Water Distribution	Wsig-Wcwdm	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	–	6 000	–
Water Distribution	Wsig Flag Boshielo Water Consev & Wdm	<i>An efficient; competitive and responsive economic infrastructure network</i>	715	–	–	–	–
Water Distribution	Wsig Phokwane Brooklyn Water Supply	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	4 471	–	9 000	–
Water Distribution	Wsig Uitspanning Water Source Developmen	<i>An efficient; competitive and responsive economic infrastructure network</i>	4 787	–	–	–	–
Water Distribution	Wsig-Enkosini Water Supply	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	6 000	–	5 380	10 000
Water Distribution	Wsig-Ga Marishane Village Water Supply	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	3 700	–	4 236	–
Water Distribution	Wsig-Legolaneng 440 Vidp Toilets	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	7 500	–	4 000	6 000
Water Distribution	Wsig-Maebe Water Supply Phase Iv	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	19 166	–	9 225	–
Water Distribution	Wsig:Mapodile Wc/Wdm	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	–	–	17 247
Water Distribution	Wsig:Rutseng Water Intervention	<i>An efficient; competitive and responsive economic infrastructure network</i>	1 631	–	–	–	–
Water Distribution	Zaaiplaas Village Tret- Technical Report	<i>An efficient; competitive and responsive economic infrastructure network</i>	–	–	–	–	–
Water Distribution	Water Tankers		3 390	–	–	–	–
Water Distribution	Audio Visuals And Covt Equipment	<i>An efficient; effective and development-oriented public service</i>	–	570	–	–	–
Water Distribution	Computer	<i>An efficient; effective and development-oriented public service</i>	3 014	2 040	–	–	–
Water Distribution	Computers (Epwp)	<i>An efficient; effective and development-oriented public service</i>	–	160	–	–	–
Water Distribution	Computers (Fmg)	<i>An efficient; effective and development-oriented public service</i>	1 011	500	–	–	–
Water Distribution	Mhs Equipment	<i>An efficient; effective and development-oriented public service</i>	–	500	–	–	–
Water Distribution	Tv;Chairs; Headsets; Tablets And Router	<i>An efficient; effective and development-oriented public service</i>	445	–	–	–	–
<b>Parent Capital expenditure</b>			<b>351 037</b>	<b>612 578</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>
<b>Entities:</b>							
<i>List all capital projects grouped by Entity</i>							
<b>Entity A</b>							
Water project A							
<b>Entity B</b>							
Electricity project B							
<b>Entity Capital expenditure</b>			<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital expenditure</b>			<b>351 037</b>	<b>612 578</b>	<b>593 743</b>	<b>579 118</b>	<b>595 087</b>

### **3.13 Legislation compliance status**

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

1. In year reporting

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

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Budget and Treasury Department, Risk management and Audit section. Since the introduction of the Internship programme the municipality has successfully trained 22 interns and employed 09 of the total trained on permanent positions.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail draft SDBIP is and aligned with the 2023/24 draft budget & MTREF.

6. Annual Report

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

7. MFMA Training

The MFMA training module in electronic format is presented at the municipality and training is ongoing.

## Other supporting documents

### MBRR Table SA1 - Supporting detail to budgeted financial performance

DC47 Sekhukhune - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
<b>REVENUE ITEMS:</b>											
<b>Non-exchange revenue by source</b>											
Total 2		81 947	72 888	80 128	88 834	88 834	88 834	65 475	93 542	98 125	102 737
indigent household per month)											
household per month)		-	-	-	-	-	-	-	-	-	-
Net 2		81 947	72 888	80 128	88 834	88 834	88 834	65 475	93 542	98 125	102 737
<b>2</b>											
Total 2		12 894	12 453	14 085	14 736	14 736	14 736	13 331	15 517	16 278	17 043
to indigent households)											
indigent households)		-	-	-	-	-	-	-	-	-	-
Net 2		12 894	12 453	14 085	14 736	14 736	14 736	13 331	15 517	16 278	17 043
<b>EXPENDITURE ITEMS:</b>											
Basic Salaries and Wages	2	249 440	259 972	274 053	334 380	327 200	327 200	233 542	333 716	350 146	366 603
Pension and UIF Contributions		40 754	42 410	42 019	45 363	47 209	47 209	39 784	49 637	52 069	54 517
Medical Aid Contributions		13 334	14 030	13 879	14 428	15 042	15 042	13 202	15 193	15 937	16 686
Overtime		38 100	34 535	29 709	25 091	21 156	21 156	11 448	19 990	20 969	21 955
Performance Bonus		-	-	474	-	100	100	104	-	-	-
Motor Vehicle Allowance		27 626	23 944	24 663	26 365	28 543	28 543	26 496	29 012	30 434	31 864
Cellphone Allowance		1 688	1 632	1 617	2 018	2 510	2 510	1 713	19 928	20 905	21 888
Housing Allowances		2 370	2 273	2 542	3 437	3 937	3 937	2 186	3 672	3 852	4 033
Other benefits and allowances		11 715	12 729	5 208	1 681	1 859	1 859	863	1 402	1 471	1 540
Payments in lieu of leave		3 852	3 098	741	5 132	5 132	5 132	1 986	4 259	4 468	4 678
Long service awards		4 160	2 840	0	1 268	1 368	1 368	1 349	1 440	1 511	1 582
Post-retirement benefit obligations	4	(394)	9 024	5 981	202	202	202	73	213	223	234
Acting and post related allowance		29	13	176	63	323	323	333	66	70	73
In kind benefits		-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	5	392 675	406 502	401 063	459 429	454 581	454 581	333 079	478 529	502 056	525 652
<b>Less: Employees costs capitalised to PPE</b>		(2 548)	(6 678)	-	-	-	-	-	-	-	-
<b>Total</b>	1	395 223	413 179	401 063	459 429	454 581	454 581	333 079	478 529	502 056	525 652
Depreciation of Property, Plant & Equipment		100 599	94 331	116 367	106 885	94 815	94 815	-	99 840	104 732	109 655
Capital asset impairment		21 631	(0)	-	-	-	-	-	-	-	-
<b>Total</b>	1	122 230	94 331	116 367	106 885	94 815	94 815	-	99 840	104 732	109 655

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<b>Bulk purchases - electricity</b>											
Electricity bulk purchases		-	-	-	-	-	-	-	-	-	-
<b>Total bulk purchases</b>	1	-	-	-	-	-	-	-	-	-	-
<b>Transfers and grants</b>											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		3 497	2 556	3 219	-	-	-	-	20 000	-	-
<b>Total transfers and grants</b>	1	<b>3 497</b>	<b>2 556</b>	<b>3 219</b>	-	-	-	-	<b>20 000</b>	-	-
<b>Contracted Services</b>											
<i>Outsourced Services</i>		76 271	81 948	101 393	94 766	50 828	50 828	22 835	44 987	125 141	145 101
<i>Consultants and Professional Services</i>		37 227	47 709	35 733	51 294	50 834	50 834	24 703	59 020	62 891	65 172
<i>Contractors</i>		66 719	47 778	63 103	93 272	98 153	98 153	51 044	98 761	124 129	129 706
<b>Total contracted services</b>		<b>180 217</b>	<b>177 436</b>	<b>200 229</b>	<b>239 331</b>	<b>199 814</b>	<b>199 814</b>	<b>98 582</b>	<b>202 768</b>	<b>312 161</b>	<b>339 979</b>
<b>Operational Costs</b>											
Collection costs		-	-	-	600	400	400	386	421	442	463
Audit fees		5 216	5 461	7 874	7 855	9 355	9 355	8 422	10 900	11 439	11 983
<i>Other Operational Costs</i>		143 021	158 084	172 097	175 440	200 481	200 481	180 227	208 727	222 018	233 033
<b>Total Operational Costs</b>	1	<b>148 237</b>	<b>163 546</b>	<b>179 971</b>	<b>183 895</b>	<b>210 235</b>	<b>210 235</b>	<b>189 035</b>	<b>220 048</b>	<b>233 899</b>	<b>245 479</b>
<b>Repairs and Maintenance by Expenditure Item</b>											
Employee related costs	8										
Inventory Consumed (Project Maintenance)		22 856	26 063	36 805	34 618	28 181	28 181	16 070	26 937	33 637	35 414
Contracted Services		76 450	79 237	104 931	86 934	54 363	54 363	18 970	38 926	123 047	141 116
<i>Operational Costs</i>		-	-	-	1 500	1 400	1 400	-	2 848	2 668	2 792
<b>Total Repairs and Maintenance Expenditure</b>	9	<b>99 306</b>	<b>105 300</b>	<b>141 737</b>	<b>123 052</b>	<b>83 944</b>	<b>83 944</b>	<b>35 040</b>	<b>68 712</b>	<b>159 351</b>	<b>179 322</b>
<b>Inventory Consumed</b>											
Inventory Consumed - Water		-	-	-	(140 743)	(146 618)	(146 618)	-	(146 618)	(153 802)	(161 031)
Inventory Consumed - Other		25 651	24 308	22 906	331 818	313 611	313 611	18 835	331 685	378 520	430 115
<b>Total Inventory Consumed &amp; Other Material</b>		<b>25 651</b>	<b>24 308</b>	<b>22 906</b>	<b>191 075</b>	<b>166 994</b>	<b>166 994</b>	<b>18 835</b>	<b>185 067</b>	<b>224 718</b>	<b>269 084</b>

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**Table 50 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

<b>DC47 Sekhukhune - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)</b>											
Description	Ref	Vote 01 - Speakers Office	Vote 02 - Executive Mayor's Office	Vote 03 - Municipal Manager	Vote 04 - Budget And Treasury	Vote 05 - Infrastructure And Water	Vote 06 - Planning And Economic	Vote 07 - Community Services	Vote 08 - Sekhukhune Development	Vote 09 - Corporate Services	Total
R thousand	1										
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Water					93 542	–					93 542
Service charges - Waste Water Management					15 517	–					15 517
Sale of Goods and Rendering of Services				–	2 249		–				2 249
Interest earned from Receivables					16 028	–					16 028
Interest earned from Current and Non Current Assets					26 992						26 992
Operational Revenue				–	37	–				–	37
<b>Non-Exchange Revenue</b>											
Surcharges and Taxes					3	–					3
Fines, penalties and forfeits					53	–					53
Transfer and subsidies - Operational		–	–	–	1 118 177	–	–	–	–	–	1 118 177
Gains on disposal of Assets		–	–		453	–	–	–	–	–	453
<b>Total Revenue (excluding capital transfers and contributions)</b>		–	–	–	<b>1 273 052</b>	–	–	–	–	–	<b>1 273 052</b>
<b>Expenditure</b>											
Employee related costs		19 810	33 552	18 231	51 250	222 524	12 712	72 383	3 504	44 563	478 529
Remuneration of councillors		19 083	–								19 083
Inventory consumed					331 685	(146 618)					185 067
Depreciation and amortisation		–	–		99 629	–		–	211	–	99 840
Interest					105						105
Contracted services		3 523	6 200	54 140	31 018	60 443	8 405	3 010	3 500	32 529	202 768
Transfers and subsidies		–	–			20 000			–		20 000
Irrecoverable debts written off					5 307	–					5 307
Operational costs		9 976	6 316	25 673	3 794	56 191	810	1 353	1 990	113 945	220 048
<b>Total Expenditure</b>		<b>52 392</b>	<b>46 068</b>	<b>98 044</b>	<b>522 787</b>	<b>212 540</b>	<b>21 927</b>	<b>76 747</b>	<b>9 205</b>	<b>191 037</b>	<b>1 230 747</b>
<b>Surplus/(Deficit)</b>		<b>(52 392)</b>	<b>(46 068)</b>	<b>(98 044)</b>	<b>750 264</b>	<b>(212 540)</b>	<b>(21 927)</b>	<b>(76 747)</b>	<b>(9 205)</b>	<b>(191 037)</b>	<b>42 305</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(52 392)</b>	<b>(46 068)</b>	<b>(98 044)</b>	<b>750 264</b>	<b>(212 540)</b>	<b>(21 927)</b>	<b>(76 747)</b>	<b>(9 205)</b>	<b>(191 037)</b>	<b>42 305</b>



## MBRR Table SA3 – Supporting detail to Statement of Financial Position

DC47 Sekhukhune - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Trade and other receivables from exchange transactions</b>											
Water		226 948	270 491	329 329	182 360	182 360	182 360	385 468	468 104	494 428	395 605
Waste Water		18 074	19 811	23 293	10 802	10 802	10 802	28 236	81 143	73 383	145 307
Other trade receivables from exchange transactions		2 401	6 467	7 110	27 158	27 158	27 158	7 481	121 245	101 989	105 697
<b>Gross: Trade and other receivables from exchange transactions</b>		<b>247 423</b>	<b>296 769</b>	<b>359 732</b>	<b>220 320</b>	<b>220 320</b>	<b>220 320</b>	<b>421 185</b>	<b>670 492</b>	<b>669 801</b>	<b>646 610</b>
<b>Less: Impairment for debt</b>		<b>(122 647)</b>	<b>(121 109)</b>	<b>(306 748)</b>	<b>(126 097)</b>	<b>(126 097)</b>	<b>(126 097)</b>	<b>(306 748)</b>	<b>(126 097)</b>	<b>(132 276)</b>	<b>(138 493)</b>
Impairment for Electricity		-	-	-	-	-	-	-	-	-	-
Impairment for Water		(122 647)	(113 157)	(298 797)	(101 016)	(101 016)	(101 016)	(298 797)	(101 016)	(105 966)	(110 946)
Impairment for Waste Water		-	(7 952)	(7 952)	-	-	-	(7 952)	-	-	-
Impairment for other trade receivables from exchange transactions		-	-	-	(25 081)	(25 081)	(25 081)	-	(25 081)	(26 310)	(27 546)
<b>Total net Trade and other receivables from Exchange Transactions</b>		<b>124 776</b>	<b>175 660</b>	<b>52 984</b>	<b>94 223</b>	<b>94 223</b>	<b>94 223</b>	<b>114 437</b>	<b>544 395</b>	<b>537 525</b>	<b>508 117</b>
<b>Inventory</b>											
<b>Water</b>											
Opening Balance		-	-	-	26 162	26 162	26 162	26 162	327 598	629 033	945 239
System Input Volume		-	-	26 162	140 743	140 743	140 743	9 402	140 743	147 640	154 579
Water Treatment Works					40 743	40 743	40 743	-	40 743	42 740	44 748
Bulk Purchases				26 162	100 000	100 000	100 000	9 402	100 000	104 900	109 830
Natural Sources					-	-	-	-	-	-	-
Authorised Consumption	6	-	-	-	140 743	146 618	146 618	-	146 618	153 802	161 031
Billed Authorised Consumption		-	-	-	110 743	116 618	116 618	-	116 618	122 332	128 082
Billed Metered Consumption		-	-	-	110 743	116 618	116 618	-	116 618	122 332	128 082
Free Basic Water					40 000	40 000	40 000	-	40 000	41 960	43 932
Subsidised Water					-	-	-	-	-	-	-
Revenue Water					70 743	76 618	76 618	-	76 618	80 372	84 150
Billed Unmetered Consumption		-	-	-	-	-	-	-	-	-	-
UnBilled Authorised Consumption		-	-	-	30 000	30 000	30 000	-	30 000	31 470	32 949
Unbilled Metered Consumption					30 000	30 000	30 000	-	30 000	31 470	32 949
Unbilled Unmetered Consumption					-	-	-	-	-	-	-
Water Losses		-	-	-	14 074	14 074	14 074	-	14 074	14 764	15 458
Apparent losses		-	-	-	-	-	-	-	-	-	-
Real losses		-	-	-	14 074	14 074	14 074	-	14 074	14 764	15 458
Leakage on Transmission and Distribution Mains					14 074	14 074	14 074	-	14 074	14 764	15 458
Non-revenue Water		-	-	-	44 074	44 074	44 074	-	44 074	46 234	48 407
Closing Balance Water		-	-	26 162	321 723	327 598	327 598	35 564	629 033	945 239	1 276 306
<b>Standard Rated</b>											
Opening Balance		22 075	31 702	31 384	32 020	32 020	32 020	32 020	(184 314)	(416 602)	(871 681)
Acquisitions		35 278	23 989	23 542	97 278	97 278	97 278	19 113	119 563	6 107	166 898
Issues	7	(25 651)	(24 308)	(22 906)	(331 818)	(313 611)	(313 611)	(18 835)	(331 685)	(378 520)	(430 115)
Adjustments	8				-	-	-	(0)	(20 167)	(82 666)	(103 041)
Closing balance - Consumables Standard Rated		31 702	31 384	32 020	(202 521)	(184 314)	(184 314)	32 297	(416 602)	(871 681)	(1 237 938)
<b>Zero Rated</b>											
Closing Balance - Land		-	-	-	-	-	-	-	-	-	-
Closing Balance - Inventory & Consumables		31 702	31 384	58 182	119 202	143 284	143 284	67 861	212 431	73 558	38 368
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		4 456 493	4 892 116	5 706 021	4 495 411	4 617 283	4 617 283	5 873 475	4 598 448	4 780 927	4 994 313
Leases recognised as PPE	3	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		785 437	891 527	1 078 591	722 884	722 454	722 454	1 078 591	722 884	758 306	793 474
<b>Total Property, plant and equipment (PPE)</b>	2	<b>3 671 056</b>	<b>4 000 589</b>	<b>4 627 430</b>	<b>3 772 527</b>	<b>3 894 829</b>	<b>3 894 829</b>	<b>4 794 885</b>	<b>3 875 563</b>	<b>4 022 621</b>	<b>4 200 840</b>

<b>LIABILITIES</b>												
<b>Current liabilities - Financial liabilities</b>												
<b>Trade and other payables from exchange transactions</b>												
Trade and other payables from exchange transactions	5	391 847	463 247	529 901	254 290	197 105	197 105	436 122	155 000	138 551	139 928	
Trade payables from Non-exchange transactions: Unspent conditional Grants		68 934	30 315	48 760	20 000	100 000	100 000	351 286	100 000	104 900	109 830	
VAT		52 855	66 000	61 179	-	-	-	72 705	-	-	-	
<b>Total Trade and other payables from exchange transactions</b>	<b>2</b>	<b>513 637</b>	<b>559 563</b>	<b>639 840</b>	<b>274 290</b>	<b>297 105</b>	<b>297 105</b>	<b>860 113</b>	<b>255 000</b>	<b>243 451</b>	<b>249 758</b>	
<b>Non current liabilities - Financial liabilities</b>												
Borrowing	4	-	-	-	-	-	-	-	-	-	-	
Other financial liabilities		-	-	420	-	-	-	420	-	-	-	
<b>Total Non current liabilities - Financial liabilities</b>		<b>-</b>	<b>-</b>	<b>420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>420</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Provisions</b>												
Retirement benefits		-	-	-	-	-	-	-	-	-	-	
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-	-	
Other		17 687	20 839	22 543	19 486	19 486	19 486	22 056	54 003	53 775	56 690	
<b>Total Provisions</b>		<b>17 687</b>	<b>20 839</b>	<b>22 543</b>	<b>19 486</b>	<b>19 486</b>	<b>19 486</b>	<b>22 056</b>	<b>54 003</b>	<b>53 775</b>	<b>56 690</b>	
<b>CHANGES IN NET ASSETS</b>												
	<b>9</b>											
9 - opening balance		3 109 722	3 427 959	3 968 295	3 595 245	4 124 785	4 124 785	4 584 755	4 275 753	4 391 173	5 004 761	
GRAP adjustments		-	-	-	-	-	-	-	-	-	-	
Restated balance		3 109 722	3 427 959	3 968 295	3 595 245	4 124 785	4 124 785	4 584 755	4 275 753	4 391 173	5 004 761	
6		488 965	789 781	492 594	489 440	612 821	612 821	657 044	593 913	581 229	597 297	
Transfers to/from Reserves		100	-	-	-	-	-	-	-	-	-	
Depreciation offsets		-	-	-	-	-	-	-	-	-	-	
Other adjustments		(33 590)	(79 752)	282 865	536	536	536	-	536	562	588	
<b>Accumulated Surplus/(Deficit)</b>	<b>1</b>	<b>3 565 197</b>	<b>4 137 987</b>	<b>4 743 753</b>	<b>4 085 220</b>	<b>4 738 141</b>	<b>4 738 141</b>	<b>5 241 799</b>	<b>4 870 201</b>	<b>4 972 965</b>	<b>5 602 646</b>	
<b>Reserves</b>												
<b>Total Reserves</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	<b>0</b>	<b>2</b>	<b>3 565 197</b>	<b>4 137 987</b>	<b>4 743 753</b>	<b>4 085 220</b>	<b>4 738 141</b>	<b>4 738 141</b>	<b>5 241 799</b>	<b>4 870 201</b>	<b>4 972 965</b>	<b>5 602 646</b>

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**MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

**DC47 Sekhukhune - Supporting Table SA9 Social, economic and demographic statistics and assumptions**

Description of economic indicator	Ref.	2001 Census	2007 Survey	2011 Census	2019/20	2020/21	2021/22	Current Year 2022/23	2023/24 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>											
<b>Detail on the provision of municipal services for A10</b>											
Total municipal services	Ref.		2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Household service targets (000)</b>											
<b>Water:</b>											
Piped water inside dwelling			-	-	-	15 000	15 000	15 000	20 000	-	-
Piped water inside yard (but not in dwelling)			-	-	-	10 000	10 000	10 000	15 000	-	-
Using public tap (at least min.service level)	8		-	-	-	457 276	457 276	457 276	469 235	500 880	-
Other water supply (at least min.service level)	10		-	-	-	98 722	98 722	98 722	119 597	146 028	-
<i>Minimum Service Level and Above sub-total</i>			-	-	-	580 998	580 998	580 998	623 832	646 908	-
Other water supply (< min.service level)	10		-	-	-	25 000	25 000	25 000	10 000	-	-
No water supply			-	-	-	25 000	25 000	25 000	5 000	-	-
<i>Below Minimum Service Level sub-total</i>			-	-	-	50 000	50 000	50 000	15 000	-	-
<b>Total number of households</b>			-	-	-	<b>630 998</b>	<b>630 998</b>	<b>630 998</b>	<b>638 832</b>	<b>646 908</b>	<b>-</b>
<b>Sanitation/sewerage:</b>											
Flush toilet (with septic tank)			-	-	-	10 000	10 000	10 000	15 000	20 000	-
Pit toilet (ventilated)			-	-	-	48 000	48 000	48 000	48 000	-	-
<i>Minimum Service Level and Above sub-total</i>			-	-	-	58 000	58 000	58 000	63 000	20 000	-
Other toilet provisions (< min.service level)			-	-	-	5 000	5 000	5 000	10 000	15 000	-
<i>Below Minimum Service Level sub-total</i>			-	-	-	5 000	5 000	5 000	10 000	15 000	-
<b>Total number of households</b>			-	-	-	<b>63 000</b>	<b>63 000</b>	<b>63 000</b>	<b>73 000</b>	<b>35 000</b>	<b>-</b>
	Ref.		2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Household service targets (000)</b>											
<b>Water:</b>											
Piped water inside dwelling			-	-	-	15 000	15 000	15 000	20 000	-	-
Piped water inside yard (but not in dwelling)			-	-	-	10 000	10 000	10 000	15 000	-	-
Using public tap (at least min.service level)	8		-	-	-	457 276	457 276	457 276	469 235	500 880	-
Other water supply (at least min.service level)	10		-	-	-	98 722	98 722	98 722	119 597	146 028	-
<i>Minimum Service Level and Above sub-total</i>			-	-	-	580 998	580 998	580 998	623 832	646 908	-
Other water supply (< min.service level)	10		-	-	-	25 000	25 000	25 000	10 000	-	-
No water supply			-	-	-	25 000	25 000	25 000	5 000	-	-
<i>Below Minimum Service Level sub-total</i>			-	-	-	50 000	50 000	50 000	15 000	-	-
<b>Total number of households</b>			-	-	-	<b>630 998</b>	<b>630 998</b>	<b>630 998</b>	<b>638 832</b>	<b>646 908</b>	<b>-</b>
<b>Sanitation/sewerage:</b>											
Flush toilet (with septic tank)			-	-	-	10 000	10 000	10 000	15 000	20 000	-
Pit toilet (ventilated)			-	-	-	48 000	48 000	48 000	48 000	-	-
<i>Minimum Service Level and Above sub-total</i>			-	-	-	58 000	58 000	58 000	63 000	20 000	-
Other toilet provisions (< min.service level)			-	-	-	5 000	5 000	5 000	10 000	15 000	-
<i>Below Minimum Service Level sub-total</i>			-	-	-	5 000	5 000	5 000	10 000	15 000	-
<b>Total number of households</b>			-	-	-	<b>63 000</b>	<b>63 000</b>	<b>63 000</b>	<b>73 000</b>	<b>35 000</b>	<b>-</b>
<b>Total cost of FBS - Refuse Removal for informal settlements</b>			-	-	-	-	-	-	-	-	-

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**MBRR Table SA14 – Household bills.**

**DC47 Sekhukhune - Supporting Table SA14 Household bills**

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24 % incr.	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total large household bill:</b>		-	-	-	-	-	-	-	-	-	-
<b>% increase/-decrease</b>			-	-	-	-	-		-	-	-
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	-	-	-
<b>% increase/-decrease</b>			-	-	-	-	-		-	-	-
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	-	-	-
<b>% increase/-decrease</b>			-	-	-	-	-		-	-	-

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**MBRR Table SA15 – Investment particulars by type.**

<b>DC47 Sekhukhune - Supporting Table SA15 Investment particulars by type</b>										
Investment type	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		149 980	149 980	149 980	100 000	262 771	262 771	110 001	295 648	448 530
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits		(118 423)	(128 774)	239 795	1	1	1	1	1	1
Bankers Acceptance Certificates		131	131	131	-	-	-	-	-	-
<b>Municipality sub-total</b>	<b>1</b>	<b>31 689</b>	<b>21 338</b>	<b>389 907</b>	<b>100 001</b>	<b>262 772</b>	<b>262 772</b>	<b>110 002</b>	<b>295 649</b>	<b>448 531</b>
<b>Entities</b>										
<b>Entities sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated total:</b>		<b>31 689</b>	<b>21 338</b>	<b>389 907</b>	<b>100 001</b>	<b>262 772</b>	<b>262 772</b>	<b>110 002</b>	<b>295 649</b>	<b>448 531</b>

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**MBRR Table SA17 – Borrowing.**

DC47 Sekhukhune - Supporting Table SA17 Borrowing										
Borrowing - Categorised by type	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>										
<b>Parent municipality</b>										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		3 322	3 822	-	-	-	-	-	-	-
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities		-	-	420	-	-	-	-	-	-
<b>Municipality sub-total</b>	1	3 322	3 822	420	-	-	-	-	-	-
<b>Entities</b>										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	3 322	3 822	420	-	-	-	-	-	-
<b>Unspent Borrowing - Categorised by type</b>										
<b>Parent municipality</b>										
<b>Municipality sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Entities</b>										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Unspent Borrowing</b>	1	-	-	-	-	-	-	-	-	-

## 2.1 Municipal Manager's quality certificate

I, Rampedi MN , The acting Municipal Manager of the Sekhukhune District Municipality, hereby certify that the 2023/24 MTREF final budget and supporting documentation have been prepared in accordance with Municipal Finance Management Act, the Municipal Finance Management Act Regulations and circulars 122 & 123.

Print Name: Rampendi Madire Nancy

**Acting Municipal Manager of Sekhukhune District Municipality (DC47)**

Signature \_\_\_\_\_

Date \_\_\_\_\_