ANNUAL FINAL BUDGET OF !KHEIS LOCAL MUNICIPALITY

!Kheis
Munisipaliteit
Municipality

2023/24 TO 2025/26

Final Medium Term Revenue & Expenditure Framework (MTREF)

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March 2023

Contents

Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CFO	Chief Financial Officer
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EPWP	Expended Public Works Programme
FBS	Free basic services
FMG	Financial Management Grant
GAMAP	Generally Accepted Municipal Accounting Practice
GDS	Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
M	Mayor
MM	Municipal Manager
MBRR	Municipal Budget Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MSIG	Municipal Systems Improvement Grant
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NDP	National Development Plan
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

!KHEIS LOCAL MUNICIPALITY

VISION

"The development of an institution, focussing on transparent, loyal and effective service delivery to the residence of the !Kheis Municipal Area."

MISSION

'To promote economic development to the advantage of the communities within the boundaries of the !Kheis Municipality. This will be done by the establishment and maintenance of an effective administration and a safe environment in order to lure tourists and investors to the area'.

Core values of the municipality

The Municipality is committed to deliver services within the framework of *Batho Pele p*rinciples, as outlined below:

- *Courtesy and 'People First'*
  Residents should be treated with courtesy and consideration at all times.

- *Consultation*
  Residents should be consulted about service levels and quality, when possible.

- *Service excellence*
  Residents must be made aware of what to expect in terms of level and quality of service.

- *Access*
  Residents should have equal access to the services to which they are entitled.

- *Information*
  Residents must receive full and accurate information about their services.

- *Openness and transparency*
  Residents should be informed about government departments, operations, budgets and management structures.

- *Redress*
  Residents are entitled to an apology, explanation and remedial action if the promised standard of service is not delivered.

- *Value for money*
  Public services should be provided economically and efficiently.

Part 1 – ANNUAL BUDGET

Mayor's Report

1. Introduction

Honourable Speaker of the Council, Executive Committee members, Councillors, Management and everyone present today, I greet you.

I am hereby presenting the Draft Annual Budget, Final Service Delivery Budget Implementation Plan (SDBIP), and IDP for the 2023/24 MTREF. The budget that I am presenting was prepared in accordance with the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practices as applicable to Local Government.

This budget midst of the on-going global economic crisis, are presented in a time when municipalities throughout the country are struggling to get their economies working again. As an elected representative, I am duty bound to report on occasions like these properly on the execution of our mandate.

I therefore Councillor's, make this bold statement: "We are responsible Political Office Bearers that will uphold the constitution at all times; furthermore, as Political Office Bearers we believe we had appointed suitably qualified professionals to administrate this Budget meticulously and having the interest of the people at heart. It is in our interest to make !Kheis Municipality our competitive and attractive entity to both domestic and foreign investors.

This budget is a forecast of revenue and expenditure, it is a projection of future financial activities and must be used as a guiding tool. It would be a futile exercise when this tool is not utilised to achieve our developmental imperatives to change the lives of the !Kheis communities.

The budget is a planning tool and instrument to manage public funds to improve the quality of life of all our people, and this we do through planning, allocation, control and proper accounting.

We do acknowledge that the municipality is not a profit making organization and must be maintained as a going concern; therefore acknowledging the increasing cost of service delivery. We are forever adapting our strategies to suit prevailing economic circumstances, as we cannot isolate ourselves from the global economy.

Our biggest challenge is unemployment and to stimulate the rural economy. Although our focus is shamelessly pro poor, we have come to the realisation that with our own resources only we would be unable to achieve significant change in the municipal area. We need the goodwill and intervention of all government departments, state owned enterprises, the private sector and civil society.

The budget submitted here today is another step closer to accomplish the strategic goals of the municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, the financial viability and sustainability of the municipality as well as good administration and public participation.

I would like to thank all the role players, stakeholders and every citizen of !Kheis Municipality who participated in the finaling of this IDP and Budget, through a process of public participation, ward committees, workshops, one – on – one engagements and individual inputs.

It is my privilege and honour to present this 2023/24 final budget to the Council for its consideration and approval.

I thank you!

1.2 Council Resolutions

Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) was supposed to approve and adopt the following resolutions:

1.1 The final annual budget of the municipality for the financial year 2023/24 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.1 Final Budgeted Financial Performance (revenue and expenditure by standard classification)

1.1.2 Final Budgeted and Financial performance (revenue and expenditure by municipal vote)

1.1.3 Final Budgeted Financial Performance (revenue by source and expenditure by type); and

1.1.4 Final Multi-year and single-year capital appropriations by municipal vote and standard classification funding by source.

1.2 The final financial position, final cash flow budget, final cash-backed reserve/accumulated surplus, final asset management and final basic service delivery targets are approved as set out in the following tables:

1.2.1 Final Budgeted Financial Position

1.2.2 Final Budgeted Cash Flows

1.2.3 Final Cash Backed reserves and accumulated surplus reconciliation

1.2.4 Final Asset Management; and

1.2.5 Final Basic Service Delivery Measurement

2. The Council of !Kheis Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000), was also supposed to approve and final with effect from 30 March 2023 the following tariffs for all services:

2.1 The final tariffs for property rates

2.2 The final tariffs for supply of water

2.3 The final tariffs for sanitation services

2.4 The final tariffs for refuse removal

3. The Council of !Kheis Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000), approves and adopt with effect from 30 March 2023 the final tariffs for other services.

4. To give proper effect to the municipality's final annual budget, the Council of !Kheis Municipality approves:

4.1 that cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions and unspent conditional grants are cash as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

4.2 That the municipality did not budget to raise long term loans to fund the capital budget.

1.3 Executive Summary

Section 153 of the Constitution requires that a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community"

The application of sound financial management principles for the compilation of the municipality's budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process.

National Treasury's MFMA Circular No. 123 had been used to guide the compilation of the 2022/23 final budget. The following areas require particular attention:

- Revenue Management – To ensure all households and businesses are accurately billed and revenue collected
- Collection Outstanding Debt – Ensure sufficient administrative capacity, political commitment and accuracy and affordability of the accounts of poor households
- Pricing of services – To ensure that the services rendered are recovered in terms of the pricing structure
- Repairs and Maintenance – Assets should be maintained in a healthy state in order to generate revenue over a longer term
- Spending on non-priorities – Ensure that funding is allocated to prioritized items.

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

- Service delivery backlogs,
- The continued increases in the cost to provide services. Continuous high tariff increases are not sustainable – as there will be a point where services will no longer be affordable to our communities, particularly the unemployed, the vulnerable and indigents,
- Aging and poorly maintained water and roads infrastructure,
- Continuous increase of outstanding debtors,
- Unavailability of own funding for capital budget,
- Inability to raise capital; and
- The on-going difficulties in the national and local economy.

- The impact of Covid – 19 on collection rate of the municipality after the pandemic
- The unfunded roll over not approved by National Treasury

The following budget principles and guidelines directly informed the compilation of the 2023/24 MTREF.

- The 2023/24 Final Budget priorities and targets, as well as the base line allocations contained in that Budget were adopted for the new baselines of the 2023/24Final MTREF Budget.
- Compliance with laws and regulations
- Previous commitments and existing contracts
- Affordability of tariff and property rate increases in line with inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.
- The budget must be spent in full, and all grants must be utilised in full.

In view of the aforementioned, the following table is a consolidated overview of the Final 2023/24Medium-Term Revenue and Expenditure Framework.

Table 1 Consolidated Overview of the 2023/24 MTREF

R Thousand	Approved Budget 22/23	Budget Year +1 23/24	Budget Year + 2 24/25	Budget Year + 3 25/26
	R'000	R'000'	R'000'	R'000'
Total Operating Revenue	76 444	77 148	80 936	82 691
Total Operating Expenditure	74 850	76 834	80 333	83 963
Surplus /(Deficit)	1 594	313	606	-1262
Total Capital Expenditure	16 567	21 333	23 590	24 678

Total operating revenue has increase by 0.9% for the 2023/24 financial year compared to the 2022/23 Approved Adjustment Budget, due to the following reasons:

- decrease in agency services
- increase in service charges and
- increase in grants and subsidies

Operational expenditure has increase by 2.58% in the 2023/24 budget year compared to the 2022/23 Approved Adjustment Budget figures. This increase is mainly due to the following:

- A new proposed municipal organogram had developed and will be submitted to Council for the 2023/24 financial year, indicating a possible saving in salary expenses
- Expenditure such as repairs and maintenance on our infrastructure capital assets had been budgeted for, however, due to ongoing financial constraints these processes had been minimized.
- Expansion of sewerage infrastructure in Sternham, Grootdrink and Wegdraai areas had put additional pressure on the provision of electricity
- High increase in price of diesel for the sanitation and sewerage trucks to be maintain for the services render.

The capital budget of R21 333 million for the 2023/24 financial year which increase with 22,34% in comparison with the 2022/23 Adjustment Budget.

1.4 Operating Revenue Framework

!Kheis Local Municipality intends to continue improving the quality of services provided to its community as highlighted above on its priorities and therefore needs to generate the required revenue to attain that. In these tough economic times strong revenue management is fundamental to the financial sustainability of our municipality. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues. We have made generous efforts, in the MTREF, to maximise revenue generation without neglecting the need to be realistic while limiting non-essential expenditure. This places a strenuous burden on our management to be prudent in the revenue and expenditure management.

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

- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 57% annual collection rate for property rates and 69% on service charges and 100% on other income for 2023/24
- Increase ability to extend new services(flat rate) and recover costs;
- The municipality's Indigents Policy and rendering of free basic services; and
- Tariff policies of the municipality.

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

Table 2 Summary of revenue classified by revenue source

NC084 !Kheis - 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		
R thousand	1	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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	4 498	4 294	3 933	8 648	8 648	8 648	2 627	9 115	9 562	10 012
Service charges - Waste Water Management	2	2 232	2 516	2 953	2 767	2 767	2 767	1 847	2 913	3 056	3 200
Service charges - Waste Management	2	2 786	3 266	3 945	3 157	3 157	3 157	2 586	3 324	3 487	3 651
Sale of Goods and Rendering of Services		112	68	397	546	895	895	705	1 253	1 315	1 376
Agency services		390	775	185	472	472	472	11	376	394	413
Interest		–	–	–	–	–	–	–	–	–	–
Interest earned from Receivables		3 554	5 029	5 902	4 680	4 680	4 680	3 826	4 928	5 170	5 412
Interest earned from Current and Non Current Assets		158	168	59	515	515	515	7	542	569	595
Dividends		–	–	–	–	–	–	–	–	–	–
Rent on Land		19	13	13	20	20	20	9	21	22	23
Rental from Fixed Assets		184	260	206	1 735	1 735	1 735	107	1 827	1 916	2 044
Licence and permits		1	–	2	55	55	55	0	58	61	64
Operational Revenue		313	205	30	411	411	411	6	417	437	458
Non-Exchange Revenue											
Property rates	2	3 958	3 392	5 147	10 648	10 648	10 648	5 834	11 212	11 762	12 315
Surcharges and Taxes		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	300	300	300	–	316	331	347
Licences or permits		–	–	–	–	–	–	–	–	–	–
Transfer and subsidies - Operational		29 454	35 103	32 137	38 270	38 270	38 270	33 950	39 150	41 076	40 920
Interest		5	5	5	1 170	1 170	1 170	3	1 232	1 292	1 353
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		87	276	228	440	2 702	2 702	232	463	486	509
Other Gains		–	–	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**47 751**	**55 371**	**55 142**	**73 833**	**76 444**	**76 444**	**51 750**	**77 148**	**80 936**	**82 691**

Table 3 Summary of revenue and expenditure classified by source

NC084 !Kheis - 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		
R thousand	1	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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	4 498	4 294	3 933	8 648	8 648	8 648	2 627	9 115	9 562	10 012
Service charges - Waste Water Management	2	2 232	2 516	2 953	2 767	2 767	2 767	1 847	2 913	3 056	3 200
Service charges - Waste Management	2	2 786	3 266	3 945	3 157	3 157	3 157	2 586	3 324	3 487	3 651
Sale of Goods and Rendering of Services		112	68	397	546	895	895	705	1 253	1 315	1 376
Agency services		390	775	185	472	472	472	11	376	394	413
Interest		–	–	–	–	–	–	–	–	–	–
Interest earned from Receivables		3 554	5 029	5 902	4 680	4 680	4 680	3 826	4 928	5 170	5 412
Interest earned from Current and Non Current Assets		158	168	59	515	515	515	7	542	569	595
Dividends		–	–	–	–	–	–	–	–	–	–
Rent on Land		19	13	13	20	20	20	9	21	22	23
Rental from Fixed Assets		184	260	206	1 735	1 735	1 735	107	1 827	1 916	2 044
Licence and permits		1	–	2	55	55	55	0	58	61	64
Operational Revenue		313	205	30	411	411	411	6	417	437	458
Non-Exchange Revenue											
Property rates	2	3 958	3 392	5 147	10 648	10 648	10 648	5 834	11 212	11 762	12 315
Surcharges and Taxes		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	300	300	300	–	316	331	347
Licences or permits		–	–	–	–	–	–	–	–	–	–
Transfer and subsidies - Operational		29 454	35 103	32 137	38 270	38 270	38 270	33 950	39 150	41 076	40 920
Interest		5	5	5	1 170	1 170	1 170	3	1 232	1 292	1 353
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		87	276	228	440	2 702	2 702	232	463	486	509
Other Gains		–	–	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**47 751**	**55 371**	**55 142**	**73 833**	**76 444**	**76 444**	**51 750**	**77 148**	**80 936**	**82 691**
Expenditure											
Employee related costs	2	29 282	31 103	29 686	33 418	32 167	32 167	23 116	34 850	36 557	38 276
Remuneration of councillors		2 788	2 988	3 795	4 634	4 634	4 634	3 213	4 634	4 861	5 090
Bulk purchases - electricity	2	-	–	–	–	–	–	–	–	–	–
Inventory consumed	8	1 539	1 437	2 230	1 340	1 845	1 845	1 449	1 394	1 462	1 531
Debt impairment	3	84	14 474	333	–	–	–	–	–	–	–
Depreciation and amortisation		45 633	7 575	5 359	9 088	9 088	9 088	–	9 569	10 038	10 510
Interest		4 024	3 915	–	–	–	–	–	–	–	–
Contracted services		614	3 614	2 501	3 748	4 610	4 610	910	5 203	5 355	5 474
Transfers and subsidies		638	221	(1 061)	1 112	1 112	1 112	486	47	49	51
Irrecoverable debts written off		4 904	10 511	11 682	12 085	12 085	12 085	–	12 725	13 349	13 976
Operational costs		4 528	9 667	10 870	7 622	9 310	9 310	2 827	8 412	8 661	9 045
Losses on disposal of Assets		–	–	–	–	–	–	–	–	–	–
Other Losses		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**94 034**	**85 505**	**65 395**	**73 047**	**74 850**	**74 850**	**32 002**	**76 834**	**80 333**	**83 953**
Surplus/(Deficit)		**(46 283)**	**(30 135)**	**(10 253)**	**786**	**1 594**	**1 594**	**19 748**	**313**	**603**	**(1 262)**

Transfers and subsidies - capital (monetary allocations)	6	8 232	13 810	6 648	16 567	16 567	16 567	13 316	21 333	23 590	24 678
Transfers and subsidies - capital (in-kind)	6	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**(38 051)**	(16 325)	(3 605)	**17 353**	**18 161**	**18 161**	33 064	**21 646**	**24 193**	**23 416**
Income Tax		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		**(38 051)**	(16 325)	(3 605)	17 353	18 161	18 161	33 064	21 646	24 193	23 416
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**(38 051)**	(16 325)	(3 605)	17 353	18 161	18 161	33 064	21 646	24 193	23 416
Share of Surplus/Deficit attributable to Associate	7	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1	**(38 051)**	**(16 325)**	**(3 605)**	**17 353**	**18 161**	**18 161**	**33 064**	**21 646**	**24 193**	**23 416**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality, besides the dependence on government grants. In the 2022/23 adjusted budget, revenue from rates and services charges totalled R25,220 million in conjunction with the R26,565 million for 2023/24 financial year in review. Water revenue has also seen a slight increase of 5,12%, from 2022/23. Water is the second largest revenue source totalling 59,36% (R11,81 million) of billing revenue for the financial year under review.
Operating grants and transfers totals R38,270 million in the approved adjustment budget for 2022/23 financial year and steadily increased to R39,150 million by 2022/23. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term.

Table 4 Operating Transfers and Grants Receipts

NC084 !Kheis - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		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
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		**3 346**	**3 956**	**4 754**	**34 550**	**34 652**	**34 652**	**36 571**	**38 211**	**39 861**
Operational Revenue:General Revenue:Equitable Share		1 298	2 627	2 043	30 468	30 579	30 579	33 471	35 111	36 761
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		585	–	680	1 073	1 073	1 073	–	–	–
Local Government Financial Management Grant [Schedule 5B]		1 110	1 328	2 031	3 009	3 000	3 000	3 100	3 100	3 100
Municipal Disaster Grant [Schedule 5B]		353	–	–	–	–	–	–	–	–
Provincial Government:		**49**	**294**	**48**	**1 201**	**1 182**	**1 182**	**1 268**	**1 330**	**1 393**
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		49	294	48	1 201	1 182	1 182	1 268	1 330	1 393
District Municipality:		–	–	–	–	–	–	–	–	–
All Grants		–	–	–	–	–	–	–	–	–
Other Grant Providers:		–	–	–	–	–	–	–	–	–
Departmental Agencies and Accounts		–	–	–	–	–	–	–	–	–
Capital expenditure of Transfers and Grants										
National Government:		**19 938**	**10 046**	**8 238**	**16 567**	**16 567**	**16 567**	**21 331**	**23 590**	**24 678**
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		–	–	–	–	–	–	–	1 500	1 800
Municipal Infrastructure Grant [Schedule 5B]		14 632	10 225	8 472	11 567	11 567	11 567	11 881	12 215	12 563
Energy Efficiency and Demand Side Management Grant		–	–	(235)	–	–	–	–	–	–
Water Services Infrastructure Grant [Schedule 5B]		5 306	(180)	–	5 000	5 000	5 000	9 450	9 875	10 315
Provincial Government:		**414**	–	–	–	–	–	–	–	–
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		180	–	–	–	–	–	–	–	–
Infrastructure		235	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
All Grants		–	–	–	–	–	–	–	–	–
Other Grant Providers:		–	–	–	–	–	–	–	–	–
Departmental Agencies and Accounts		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		**20 352**	**10 046**	**8 238**	**16 567**	**16 567**	**16 567**	**21 331**	**23 590**	**24 678**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		**23 747**	**14 295**	**13 039**	**52 318**	**52 401**	**52 401**	**59 169**	**63 131**	**65 932**

Tariff-setting is a strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Excessive increases are likely to be counterproductive, resulting in higher levels of non- payment.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Therefore Property Rates is predominantly the most crucial income for the municipality and form great part in the collection rate of any municipality.

1.4.2 Sale of Water and Impact of Tariff Increases

We face significant challenges with water supply, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are not fully cost-reflective-including the cost of maintenance and renewal of purification plants, water networks and cost associated with reticulation expansion;
- Water tariffs are currently not structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariff are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2018. Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in the future to ensure sustainability. A tariff increase of 5.3% from 1 July 2023 for water is proposed. This is based on CPI Circular 123. In addition 6kl water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

	CURRENT TARIFFS 2022/23 (excluding vat)	**PROPOSED TARIFFS 2023/24 (excluding vat)**
RESIDENTIAL	**Rand per**	**KL**
1-6kl per month (Subsidy)	5,28	5,55
7-15kl per month	8,79	9.26
16-40kl per month	8,79	9.26

41-80kl per month	10,55	11.11
81- 100kl per month	10,55	11.11
101 – 150kl per month	10,55	11.11
151-200kl per month	29,89	31.48
201kl and above	36,93	38.88
NON-RESIDENTIAL		
Schools and hostels	12,31	12,96
Abattoir	13,77	14.50
Raw water	0,086	0,091

ACTION PLAN

!Kheis Local Municipality scored an overall of 50.33% in its Blue Drop status during the year of 2020.

We have embarked on the following action plans to improve our blue drop status:

- Training of all our water operators
- Acquiring all the equipment to ensure we test our water quality on a more regular basis
- Do a risk assessment on all our water treatment plants
- Ensure that all the medical certificates are in place
- Certificates of adherence are compliant

- Request for reports on incidents that were admitted at the clinic
- Water conservation and water demand process are in place
- Adhere to all standards as set out in the regulations acts
- Water samples will be prioritised and done on a weekly basis to assess water more effectively.

The Municipality received funds from ACWA Power (Bokpoort CSP) to improve the water quality at the treatment plants since 2020.

We are engaging with consultants and the different Departments to assist with as much information as they can to improve our Blue Drop status. The Municipality has the capacity to improve the scores from previous years to achieve the 90% mark and more. The actions to be taken should therefore be implemented and monitored on a regular time frame to achieve these results. The Department of Water Affairs is giving sufficient assistance to the Municipality and we commend their support.

WATER SAFETY PLAN FOR 2022/23 FINANCIAL YEAR

The Water Safety Plan (WSP) was compiled in 2019 and will be reviewed in September 2021 for the water supply area of !Kheis Local Municipality, ZF Mgcawu District Municipality, Northern Cape.

This document addresses the critical water quality management such as the water safety planning processes, full system assessments that include inspections of the catchment, water treatment works and the distribution system.

The plan also includes the evaluation of the risk informed water quality monitoring programmes, the data submission on the BDS and the water quality over past years.

SCORING / RATING SYSTEM	**SCORE OBTAINED**	**STATUS**
Site inspection	56%	Good
High Risk Identified	47%	Good
Microbiological water quality	58%	Bad
Overall impression on risk management	**54**	Fair

The overall impression score of 50.33% (for 2019) is average which indicates that only basic water management is being addressed within the current resources available and not risk based as required by the water safety planning process. The technical manager is in process of meeting DWS for results, because no audit had been carried since 2020/21.

Raw water is extracted from the Orange River as well as from the canal in most of the areas within the municipality area and pump into the raw water dams. Most risks like the insufficient safety and security of the water treatment works, unqualified process controllers and supervisors and no routine maintenance programmes were identified as major risks in this supply areas.

The areas that complete the !Kheis Municipal boundaries are Groblershoop, Boegoeberg, Opwag, Zumaville, Wegdraai, Topline, Grootdrink and Gariep.

WATER SAFETY PLANNING PROCESS

The purpose of the Water Safety Planning Process is to introduce a holistic approach to drinking water quality management and provide a systematic, transparent approach to the consistent provision of safe water with a clear focus on public health. The emphasis of the WSPP on water supply management and covers the entire water supply system with participation of all stakeholders.

The objectives of the Water Safety Planning Process are to consistently ensure the safety and acceptability of the drinking water system by:

- Identifying hazards and prioritizing risks in the drinking water system from catchment-to consumer
- Assessing the effectiveness of existing control measures for these risks
- Implementing improvement plans for high priority uncontrolled risks.

1.4.3 Sanitation and Impact of Tariff Increases

A tariff increase of 5.3% for sanitation from 1 July 2023 is proposed. This is based on the input cost assumptions related to water. It should be noted that water costs contributes approximately 12.56 per cent of waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kl water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R2.913 million for the 2023/24 financial year.

At the moment only a basic charge is levied per erven for sanitation services rendered by the municipality.

1.4.4 Waste Removal and Impact of Tariff Increases

A 5.3 % increase in the waste removal tariff is proposed from 1 July 2023.

The following table compares current and proposed amounts payable from 1 July 2023:

Table 6 Comparison between current waste removal fees and increases

Detail	Tariff 1 July 2022(excluding vat)	Tariff 1 July 2023 (excluding vat)
Sanitation		
Households (Subsidy)	113	118
Households	113	118
Business	141	148
Schools	141	148
Abattoir	27 523	28 981
Refuse removal		
Households (Subsidy)	155	163
Households	155	163
Business	341	359
Garden refuse	162	170
Building refuse	324	341

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services

Table 7 MBRR table SA14- Household bills

NC084 !Kheis - Supporting Table SA14
Household bills

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
Rand/cent		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
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		167,54	179,43	192,89	3 800,00	–	–	5,3%	4 200,00	4 410,00	4 630,50
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		–	–	–	–	–	–	–	–	–	–
Water: Basic levy		72,01	77,12	82,91	–	–	–	5,3%	–	–	–
Water: Consumption		73,55	78,77	84,68	–	–	–	5,3%	–	–	–

Sanitation		122,58	131,28	141,12	112,54	–	–	5,3%	118,50	124,43	130,65
Refuse removal		134,83	144,40	155,23	155,00	–	–	5,3%	162,94	171,09	179,64
Other		–	–	–	–	–	–	–	–	–	–
sub-total		**570,50**	**611,01**	**656,83**	**4 067,54**	**–**	**–**	**10,2%**	**4 481,44**	**4 705,52**	**4 940,79**
VAT on Services		–	–	–	40,13	–	–	5,2%	42,22	44,33	46,54
Total large household bill:		**570,50**	**611,01**	**656,83**	**4 107,67**	**–**	**–**	**10,1%**	**4 523,66**	**4 749,85**	**4 987,33**
% increase/-decrease			**7,1%**	**7,5%**	**525,4%**	**(100,0%)**	**–**		**–**	**5,0%**	**5,0%**
Monthly Account for Household - 'Affordable Range' **Rates and services charges:**	2										
Property rates		167,54	179,43	192,89	202,15	–	–	5,3%	–	–	–
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		–	–	–	–	–	–	–	–	–	–
Water: Basic levy		72,01	77,12	82,91	86,89	–	–	5,3%	–	–	–
Water: Consumption		105,72	113,22	121,72	127,56	–	–	5,3%	–	–	–
Sanitation		198,49	212,58	228,52	239,49	–	–	5,3%	–	–	–
Refuse removal		134,83	144,40	155,23	162,68	–	–	5,3%	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
sub-total		**678,58**	**726,76**	**781,27**	**818,77**	**–**	**–**	**(100,0%)**	**–**	**–**	**–**
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		**678,58**	**726,76**	**781,27**	**818,77**	**–**	**–**	**(100,0%)**	**–**	**–**	**–**
% increase/-decrease			**7,1%**	**7,5%**	**4,8%**	**(100,0%)**	**–**		**–**	**–**	**–**
				0,06	-0,36	-21,83	-1,00				
Monthly Account for Household - 'Indigent' Household receiving free basic services **Rates and services charges:**	3										
Property rates		167,54	179,43	192,89	202,15	–	–	(100,0%)	–	–	–
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		–	–	–	–	–	–	–	–	–	–
Water: Basic levy		72,01	77,12	82,91	86,89	–	–	(100,0%)	–	–	–
Water: Consumption		73,54	78,77	84,67	88,74	–	–	(100,0%)	–	–	–
Sanitation		98,06	105,02	112,90	118,32	–	–	(100,0%)	–	–	–
Refuse removal		134,83	144,40	155,23	162,68	–	–	(100,0%)	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
sub-total		**545,98**	**584,74**	**628,60**	**658,77**	**–**	**–**	**(100,0%)**	**–**	**–**	**–**

VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		**545,98**	**584,74**	**628,60**	**658,77**	**–**	**–**	**(100,0%)**	**–**	**–**	**–**
% increase/-decrease			**7,1%**	**7,5%**	**4,8%**	**(100,0%)**	**–**		**–**	**–**	**–**

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2032/24 budget and MTREF is informed by the following:
The assets renewal strategy and repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue)
- Funding of the budget over medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core service; and
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

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

Table 8 Summary of operating expenditure by standard classification item

NC084 !Kheis - 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		
R thousand	1	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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	4 498	4 294	3 933	8 648	8 648	8 648	2 627	9 115	9 562	10 012
Service charges - Waste Water Management	2	2 232	2 516	2 953	2 767	2 767	2 767	1 847	2 913	3 056	3 200
Service charges - Waste Management	2	2 786	3 266	3 945	3 157	3 157	3 157	2 586	3 324	3 487	3 651
Sale of Goods and Rendering of Services		112	68	397	546	895	895	705	1 253	1 315	1 376
Agency services		390	775	185	472	472	472	11	376	394	413
Interest		–	–	–	–	–	–	–	–	–	–
Interest earned from Receivables		3 554	5 029	5 902	4 680	4 680	4 680	3 826	4 928	5 170	5 412
Interest earned from Current and Non Current Assets		158	168	59	515	515	515	7	542	569	595
Dividends		–	–	–	–	–	–	–	–	–	–
Rent on Land		19	13	13	20	20	20	9	21	22	23

Rental from Fixed Assets		184	260	206	1 735	1 735	1 735	107	1 827	1 916	2 044
Licence and permits		1	–	2	55	55	55	0	58	61	64
Operational Revenue		313	205	30	411	411	411	6	417	437	458
Non-Exchange Revenue											
Property rates	2	3 958	3 392	5 147	10 648	10 648	10 648	5 834	11 212	11 762	12 315
Surcharges and Taxes		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	300	300	300	–	316	331	347
Licences or permits		–	–	–	–	–	–	–	–	–	–
Transfer and subsidies - Operational		29 454	35 103	32 137	38 270	38 270	38 270	33 950	39 150	41 076	40 920
Interest		5	5	5	1 170	1 170	1 170	3	1 232	1 292	1 353
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		87	276	228	440	2 702	2 702	232	463	486	509
Other Gains		–	–	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**47 751**	**55 371**	**55 142**	**73 833**	**76 444**	**76 444**	**51 750**	**77 148**	**80 936**	**82 691**
Expenditure											
Employee related costs	2	29 282	31 103	29 686	33 418	32 167	32 167	23 116	34 850	36 557	38 276
Remuneration of councillors		2 788	2 988	3 795	4 634	4 634	4 634	3 213	4 634	4 861	5 090
Bulk purchases - electricity	2	-	–	–	–	–	–	–	–	–	–
Inventory consumed	8	1 539	1 437	2 230	1 340	1 845	1 845	1 449	1 394	1 462	1 531
Debt impairment	3	84	14 474	333	–	–	–	–	–	–	–
Depreciation and amortisation		45 633	7 575	5 359	9 088	9 088	9 088	–	9 569	10 038	10 510
Interest		4 024	3 915	–	–	–	–	–	–	–	–
Contracted services		614	3 614	2 501	3 748	4 610	4 610	910	5 203	5 355	5 474
Transfers and subsidies		638	221	(1 061)	1 112	1 112	1 112	486	47	49	51
Irrecoverable debts written off		4 904	10 511	11 682	12 085	12 085	12 085	–	12 725	13 349	13 976
Operational costs		4 528	9 667	10 870	7 622	9 310	9 310	2 827	8 412	8 661	9 045
Losses on disposal of Assets		–	–	–	–	–	–	–	–	–	–
Other Losses		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**94 034**	**85 505**	**65 395**	**73 047**	**74 850**	**74 850**	**32 002**	**76 834**	**80 333**	**83 953**
Surplus/(Deficit)		**(46 283)**	**(30 135)**	**(10 253)**	**786**	**1 594**	**1 594**	**19 748**	**313**	**603**	**(1 262)**
Transfers and subsidies - capital (monetary allocations)	6	8 232	13 810	6 648	16 567	16 567	16 567	13 316	21 333	23 590	24 678
Transfers and subsidies - capital (in-kind)	6	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**(38 051)**	(16 325)	(3 605)	**17 353**	**18 161**	**18 161**	33 064	**21 646**	**24 193**	**23 416**
Income Tax		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		**(38 051)**	(16 325)	(3 605)	17 353	18 161	18 161	33 064	21 646	24 193	23 416
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**(38 051)**	(16 325)	(3 605)	17 353	18 161	18 161	33 064	21 646	24 193	23 416
Share of Surplus/Deficit attributable to Associate	7	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1	**(38 051)**	**(16 325)**	**(3 605)**	**17 353**	**18 161**	**18 161**	**33 064**	**21 646**	**24 193**	**23 416**

The budget allocation for **employee related costs** for the 2023/24 financial year totals R34,850 million, which equals 45,3% of the total operating expenditure. The increase can be attributed to 5.3% percent for salary increases in line with the Circular 123. The municipality is also struggling with the funding of the voluntary severance packages that had been discussed with the LLF and employees.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R9.569 million for the 2023/24 financial and equates to 12.4% of the total operating expenditure. Please note that the implementation of GRAP 17 accounting standard has bring a range of assets previously not included in the assets register onto the register. i.e Heritage assets, unbundling of infrastructure assets and componentisation of property plant and equipment.

Other expenditure comprises of various line items relating to the daily operations of the municipality. It comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2023/24 budget and MTREF provide for extensive growth in the area of asset maintenance, and must be informed by the asset renewal strategy and repairs and maintenance plan of the municipality.

During the compilation of the 2023/24 MTREF operational repairs and maintenance has been identified as a strategic imperative owing to the ageing of the municipality's infrastructure and historic deferred maintenance. It is grouped under contracted services on the budget it equites R5,203 million, an increase of 11,39% in relation to the Special Adjustment Budget of 2022/23 and continues to grow at 5,3% over the MTREF. In relation to the total operating expenditure, contracted services comprises of 6.77%.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services all households are being required to register in terms of the municipality's Indigents Policy. The municipality currently provide registered indigent households within the Government norms and standards of 6kl of free water and 50 amp electricity. The target is to register more indigent households during the 2023/24 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service measurement is contained in Table 24 MBRR A10 (Basic Service Delivery Measurements) .

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

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

Table 11 2023/24 Medium-term capital budget per vote

NC084 !Kheis - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote Multi-year expenditure *to be appropriated*	2										
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		(730)	699	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		180	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		20 172	3 217	(33)	16 567	11 988	11 988	5 191	21 331	22 090	22 878
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total		**19 622**	**3 915**	**(33)**	**16 567**	**11 988**	**11 988**	**5 191**	**21 331**	**22 090**	**22 878**
Single-year expenditure *to be appropriated*	2										
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	(394)	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		–	7 603	7 847	–	6 180	6 180	–	–	1 500	1 800
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–

Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**7 210**	**7 847**	**–**	**6 180**	**6 180**	**–**	**–**	**1 500**	**1 800**
Total Capital Expenditure - Vote	3,7	**19 622**	**11 125**	**7 814**	**16 567**	**18 168**	**18 168**	**5 191**	**21 331**	**23 590**	**24 678**
Capital Expenditure - Functional											
Governance and administration		**(730)**	**305**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Executive and council		–	–	–	–	–	–	–	–	–	–
Finance and administration		(730)	305	–	–	–	–	–	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**180**	**–**	**–**	**–**	**1 180**	**1 180**	**–**	**–**	**–**	**–**
Community and social services		180	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	1 180	1 180	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**235**	**774**	**(424)**	**–**	**421**	**421**	**–**	**–**	**–**	**–**
Planning and development		–	–	–	–	–	–	–	–	–	–
Road transport		235	774	(424)	–	421	421	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		**19 938**	**10 046**	**8 238**	**16 567**	**16 567**	**16 567**	**5 191**	**21 331**	**23 590**	**24 678**
Energy sources		–	–	–	–	–	–	–	–	1 500	1 800
Water management		5 306	–	–	5 000	5 000	5 000	–	9 450	9 875	10 315
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		14 632	10 046	8 238	11 567	11 567	11 567	5 191	11 881	12 215	12 563
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Functional	3,7	**19 622**	**11 125**	**7 814**	**16 567**	**18 168**	**18 168**	**5 191**	**21 331**	**23 590**	**24 678**
Funded by:											
National Government		19 938	10 046	8 238	16 567	16 567	16 567	5 191	21 331	23 590	24 678

Provincial Government		414	774	(774)	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**20 352**	**10 820**	**7 463**	**16 567**	**16 567**	**16 567**	**5 191**	**21 331**	**23 590**	**24 678**
Public contributions & donations	5	–	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	–	–	1 601	1 601	–	–	–	–
Total Capital Funding	7	**20 352**	**10 820**	**7 463**	**16 567**	**18 168**	**18 168**	**5 191**	**21 331**	**23 590**	**24 678**

NC084 !Kheis - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote											
Multi-year expenditure ***to be appropriated***	2										
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		(730)	699	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		180	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		20 172	3 217	(33)	16 567	11 988	11 988	5 191	21 331	22 090	22 878
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total		**19 622**	**3 915**	**(33)**	**16 567**	**11 988**	**11 988**	**5 191**	**21 331**	**22 090**	**22 878**
Single-year expenditure ***to be appropriated***	2										
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	(394)	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		–	7 603	7 847	–	6 180	6 180	–	–	1 500	1 800
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**7 210**	**7 847**	**–**	**6 180**	**6 180**	**–**	**–**	**1 500**	**1 800**
Total Capital Expenditure - Vote	3,7	**19 622**	**11 125**	**7 814**	**16 567**	**18 168**	**18 168**	**5 191**	**21 331**	**23 590**	**24 678**

For 2023/24 an amount of R21,331 million has been appropriated for the development of infrastructure which represents 100% of the total capital budget. In the outer years this amount totals R23,590 million and R24,678 million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 23 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Upgrading of bulk water supply – Topline - R 9 450 000
- Construction of sewer reticulation, pump station and rising main to oxidation ponds in Wegdraai - R 11 881 000

1.7 Finaled Annual Budget Tables (A1 – A10)

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal budget and Reporting Regulations. These tables set out the municipality's 2023/24 budget and MTREF to be considered for approval by council. Each table is accompanied by explanatory notes.

Table 12 MBRR Table A1- Budget Summary

NC084 !Kheis - Table A1 Budget Summary

Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Financial Performance										
Property rates	3 958	3 392	5 147	10 648	10 648	10 648	5 834	11 212	11 762	12 315
Service charges	9 515	10 076	10 830	14 572	14 572	14 572	7 060	15 353	16 105	16 862
Investment revenue	158	168	59	515	515	515	7	542	569	595
Transfer and subsidies - Operational	29 454	35 103	32 137	38 270	38 270	38 270	33 950	39 150	41 076	40 920
Other own revenue	4 665	6 632	6 969	9 829	12 440	12 440	4 900	10 890	11 424	11 999
Total Revenue (excluding capital transfers and contributions)	47 751	55 371	55 142	73 833	76 444	76 444	51 750	77 148	80 936	82 691
Employee costs	29 282	31 103	29 686	33 418	32 167	32 167	23 116	34 850	36 557	38 276
Remuneration of councillors	2 788	2 988	3 795	4 634	4 634	4 634	3 213	4 634	4 861	5 090
Depreciation and amortisation	45 633	7 575	5 359	9 088	9 088	9 088	–	9 569	10 038	10 510
Finance charges	4 024	3 915	–	–	–	–	–	–	–	–
Inventory consumed and bulk purchases	1 539	1 437	2 230	1 340	1 845	1 845	1 449	1 394	1 462	1 531
Transfers and subsidies	638	221	(1 061)	1 112	1 112	1 112	486	47	49	51
Other expenditure	10 130	38 266	25 385	23 455	26 004	26 004	3 738	26 340	27 364	28 495
Total Expenditure	94 034	85 505	65 395	73 047	74 850	74 850	32 002	76 834	80 333	83 953
Surplus/(Deficit)	(46 283)	(30 135)	(10 253)	786	1 594	1 594	19 748	313	603	(1 262)

Transfers and subsidies - capital (monetary allocations)	8 232	13 810	6 648	16 567	16 567	16 567	13 316	21 333	23 590	24 678
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(38 051)	(16 325)	(3 605)	17 353	18 161	18 161	33 064	21 646	24 193	23 416
Intercompany/Parent subsidiary transactions	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(38 051)	(16 325)	(3 605)	17 353	18 161	18 161	33 064	21 646	24 193	23 416
<u>Capital expenditure & funds sources</u>										
Capital expenditure	19 622	11 125	7 814	16 567	18 168	18 168	5 191	21 331	23 590	24 678
Transfers recognised - capital	20 352	10 820	7 463	16 567	16 567	16 567	5 191	21 331	23 590	24 678
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	1 601	1 601	–	–	–	–
Total sources of capital funds	20 352	10 820	7 463	16 567	18 168	18 168	5 191	21 331	23 590	24 678
<u>Financial position</u>										
Total current assets	35 681	40 135	6 158	93 250	94 076	94 076	36 051	68 459	69 790	71 421
Total non current assets	207 088	148 896	3 231	192 923	194 524	194 524	5 191	210 457	212 247	212 864
Total current liabilities	100 828	58 208	12 995	89 459	91 078	91 078	8 178	136 499	137 073	140 097
Total non current liabilities	3 302	2 282	–	2 025	2 025	2 025	–	3 635	3 635	3 635
Community wealth/Equity	176 691	144 865	(3 605)	205 063	205 063	205 063	–	146 333	147 763	149 203
<u>Cash flows</u>										
Net cash from (used) operating	4 642	58 614	47 181	(1 329)	253	253	(50 404)	3 522	5 281	4 281
Net cash from (used) investing	(13 091)	(378)	(768)	–	–	–	2 497	(21 331)	(23 590)	(24 678)
Net cash from (used) financing	3	19	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	(6 498)	60 035	46 413	(6 139)	(4 557)	(4 557)	(47 908)	(17 193)	(35 502)	(55 899)
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	220 264	162 836	3 334	228 576	230 093	230 093	35 676	244 038	246 828	248 925
Application of cash and investments	41 427	39 802	12 615	55 619	55 075	55 075	8 745	71 532	72 102	75 387
Balance - surplus (shortfall)	178 837	123 034	(9 282)	172 957	175 018	175 018	26 931	172 507	174 726	173 538
<u>Asset management</u>										
Asset register summary (WDV)	205 222	147 030	3 231	190 984	192 585	192 585		208 592	210 382	210 998
Depreciation	45 633	7 575	5 359	9 088	9 088	9 088		9 569	10 038	10 510
Renewal and Upgrading of Existing Assets	19 442	7 502	1 524	5 000	5 421	5 421		9 450	9 875	10 315
Repairs and Maintenance	(41)	535	211	763	670	670		765	801	805
<u>Free services</u>										
Cost of Free Basic Services provided	997	(281)	(127)	2 953	2 953	2 953		3 100	3 252	3 405
Revenue cost of free services provided	–	–	–	601	601	601		633	664	695
<u>Households below minimum service level</u>										
Water:	–	–	–	–	–	–		–	–	–
Sanitation/sewerage:	–	–	–	–	–	–		–	–	–
Energy:	–	–	–	–	–	–		–	–	–
Refuse:	–	–	–	–	–	–		–	–	–

Explanatory notes to MBRR Table A1-Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspective (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts to be considered for approval by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

   a. The operating surplus/deficit (after Total Expenditure) is positive over MTREF
   b. Capital expenditure is balanced by capital funding sources, of which
      i. Transfers recognised is reflected on the Financial Performance Budget;
      ii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, indicates that the necessary cash resources are available to fund the Capital Budget

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Over the MTREF there is progressive improvement in the level of cash-backing of obligations.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of service to the poor. The section of Free Service shows that the amount spent on Free Basic Service and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2- Budgeted Financial

NC084 !Kheis - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	1	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
Revenue - Functional										
Governance and administration		**38 993**	**53 393**	**44 868**	**68 122**	**70 974**	**70 974**	**71 377**	**74 635**	**75 870**
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		38 993	53 393	44 868	68 122	70 974	70 974	71 377	74 635	75 870
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**869**	**796**	**871**	**1 001**	**1 001**	**1 001**	**1 044**	**1 092**	**1 142**
Community and social services		869	796	871	1 001	1 001	1 001	1 044	1 092	1 142
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**390**	**775**	**185**	**772**	**772**	**772**	**692**	**726**	**760**
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		390	775	185	772	772	772	692	726	760
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**15 731**	**14 217**	**15 866**	**20 505**	**20 264**	**20 264**	**25 368**	**28 073**	**29 598**
Energy sources		–	–	–	–	–	–	–	1 500	1 800
Water management		8 137	4 504	5 620	13 047	13 047	13 047	18 565	19 437	20 327
Waste water management		6 052	2 379	3 911	2 776	2 776	2 776	2 923	3 066	3 210
Waste management		1 542	7 334	6 335	4 683	4 441	4 441	3 880	4 070	4 261
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	**55 983**	**69 180**	**61 790**	**90 400**	**93 011**	**93 011**	**98 481**	**104 526**	**107 369**
Expenditure - Functional	-									
Governance and administration		**67 914**	**55 613**	**43 935**	**51 853**	**51 946**	**51 946**	**55 478**	**58 044**	**60 627**
Executive and council		5 046	6 277	8 246	10 589	9 135	9 135	11 212	11 762	12 314
Finance and administration		62 868	49 336	35 689	41 265	42 811	42 811	44 265	46 283	48 312
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**2 148**	**1 492**	**1 044**	**1 201**	**1 182**	**1 182**	**1 268**	**1 330**	**1 393**
Community and social services		2 131	1 448	1 041	1 201	1 182	1 182	1 268	1 330	1 393
Sport and recreation		18	44	3	–	–	–	–	–	–
Economic and environmental services		**1 345**	**2 131**	**1 227**	**1 063**	**1 065**	**1 065**	**1 100**	**1 040**	**1 113**
Planning and development		1 255	996	613	884	885	885	913	958	1 028
Road transport		91	1 136	614	179	180	180	187	82	86
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**22 626**	**26 269**	**19 188**	**18 931**	**20 656**	**20 656**	**18 989**	**19 918**	**20 820**
Energy sources		1 819	2 867	2 791	2 359	3 619	3 619	2 670	2 801	2 932
Water management		11 846	8 947	8 531	8 860	9 335	9 335	8 150	8 548	8 950
Waste water management		2 492	7 308	2 321	4 241	4 231	4 231	4 517	4 738	4 926
Waste management		6 470	7 147	5 545	3 471	3 471	3 471	3 653	3 832	4 012
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	**94 034**	**85 505**	**65 395**	**73 047**	**74 850**	**74 850**	**76 834**	**80 333**	**83 953**
Surplus/(Deficit) for the year		**(38 051)**	**(16 325)**	**(3 605)**	**17 353**	**18 161**	**18 161**	**21 646**	**24 193**	**23 416**

Explanatory notes to MBRR A2- Budget Financial Performance (revenue and expenditure by standard by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised-capital) and so does not balance to the operating revenue on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's structure.

6. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 14 MBRR Table A3- Budget Financial Performance

NC084 !Kheis - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		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
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		39 973	68 168	56 671	89 400	92 011	92 011	97 438	103 435	106 228
Vote 4 - COMMUNITY SERVICES		870	796	871	1 000	1 000	1 000	1 043	1 091	1 141
Vote 5 - TECHNICAL SERVICES		15 140	216	4 248	–	–	–	–	–	–
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**55 983**	**69 180**	**61 790**	**90 400**	**93 011**	**93 011**	**98 481**	**104 526**	**107 369**
Expenditure by Vote ***to be appropriated***	1									
Vote 1 - MUNICIPAL MANAGER		2 017	2 079	1 714	2 710	1 369	1 369	3 180	3 335	3 492
Vote 2 - CORPORATE SERVICE		4 962	8 343	5 407	6 560	7 893	7 893	8 104	8 501	8 901
Vote 3 - FINANCIAL MANAGEMENT SERVICES		49 032	37 185	24 150	26 714	26 871	26 871	28 268	29 501	30 742
Vote 4 - COMMUNITY SERVICES		6 426	7 550	9 272	5 057	5 000	5 000	4 763	4 883	5 113
Vote 5 - TECHNICAL SERVICES		27 388	25 178	17 679	23 236	25 058	25 058	23 572	24 726	25 854

Vote 6 - EXECUTIVE AND COUNCIL		3 031	4 203	6 559	7 886	7 773	7 773	8 034	8 428	8 824
Vote 7 - STRATEGIC PLANNING		1 179	967	613	884	885	885	913	958	1 028
Total Expenditure by Vote	2	**94 034**	**85 505**	**65 395**	**73 047**	**74 850**	**74 850**	**76 834**	**80 333**	**83 953**
Surplus/(Deficit) for the year	2	**(38 051)**	**(16 325)**	**(3 605)**	**17 353**	**18 161**	**18 161**	**21 646**	**24 193**	**23 416**

Explanatory notes to MBRR Table A3- Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality.

Table 15 MBRR A4- Budgeted Financial Performance (revenue and expenditure)

NC084 !Kheis - 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		
R thousand	1	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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	4 498	4 294	3 933	8 648	8 648	8 648	2 627	9 115	9 562	10 012
Service charges - Waste Water Management	2	2 232	2 516	2 953	2 767	2 767	2 767	1 847	2 913	3 056	3 200
Service charges - Waste Management	2	2 786	3 266	3 945	3 157	3 157	3 157	2 586	3 324	3 487	3 651
Sale of Goods and Rendering of Services		112	68	397	546	895	895	705	1 253	1 315	1 376
Agency services		390	775	185	472	472	472	11	376	394	413
Interest		–	–	–	–	–	–	–	–	–	–
Interest earned from Receivables		3 554	5 029	5 902	4 680	4 680	4 680	3 826	4 928	5 170	5 412
Interest earned from Current and Non Current Assets		158	168	59	515	515	515	7	542	569	595
Dividends		–	–	–	–	–	–	–	–	–	–
Rent on Land		19	13	13	20	20	20	9	21	22	23
Rental from Fixed Assets		184	260	206	1 735	1 735	1 735	107	1 827	1 916	2 044
Licence and permits		1	–	2	55	55	55	0	58	61	64
Operational Revenue		313	205	30	411	411	411	6	417	437	458
Non-Exchange Revenue											
Property rates	2	3 958	3 392	5 147	10 648	10 648	10 648	5 834	11 212	11 762	12 315
Surcharges and Taxes		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	300	300	300	–	316	331	347
Licences or permits		–	–	–	–	–	–	–	–	–	–
Transfer and subsidies - Operational		29 454	35 103	32 137	38 270	38 270	38 270	33 950	39 150	41 076	40 920
Interest		5	5	5	1 170	1 170	1 170	3	1 232	1 292	1 353
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		87	276	228	440	2 702	2 702	232	463	486	509
Other Gains		–	–	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**47 751**	**55 371**	**55 142**	**73 833**	**76 444**	**76 444**	**51 750**	**77 148**	**80 936**	**82 691**

Expenditure											
Employee related costs	2	29 282	31 103	29 686	33 418	32 167	32 167	23 116	34 850	36 557	38 276
Remuneration of councillors		2 788	2 988	3 795	4 634	4 634	4 634	3 213	4 634	4 861	5 090
Bulk purchases - electricity	2	-	–	–	–	–	–	–	–	–	–
Inventory consumed	8	1 539	1 437	2 230	1 340	1 845	1 845	1 449	1 394	1 462	1 531
Debt impairment	3	84	14 474	333	–	–	–	–	–	–	–
Depreciation and amortisation		45 633	7 575	5 359	9 088	9 088	9 088	–	9 569	10 038	10 510
Interest		4 024	3 915	–	–	–	–	–	–	–	–
Contracted services		614	3 614	2 501	3 748	4 610	4 610	910	5 203	5 355	5 474
Transfers and subsidies		638	221	(1 061)	1 112	1 112	1 112	486	47	49	51
Irrecoverable debts written off		4 904	10 511	11 682	12 085	12 085	12 085	–	12 725	13 349	13 976
Operational costs		4 528	9 667	10 870	7 622	9 310	9 310	2 827	8 412	8 661	9 045
Losses on disposal of Assets		–	–	–	–	–	–	–	–	–	–
Other Losses		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**94 034**	**85 505**	**65 395**	**73 047**	**74 850**	**74 850**	**32 002**	**76 834**	**80 333**	**83 953**
Surplus/(Deficit)		**(46 283)**	**(30 135)**	**(10 253)**	**786**	**1 594**	**1 594**	**19 748**	**313**	**603**	**(1 262)**
Transfers and subsidies - capital (monetary allocations)	6	8 232	13 810	6 648	16 567	16 567	16 567	13 316	21 333	23 590	24 678
Transfers and subsidies - capital (in-kind)	6	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**(38 051)**	(16 325)	(3 605)	**17 353**	**18 161**	**18 161**	33 064	**21 646**	**24 193**	**23 416**
Income Tax		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		**(38 051)**	(16 325)	(3 605)	17 353	18 161	18 161	33 064	21 646	24 193	23 416
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**(38 051)**	(16 325)	(3 605)	17 353	18 161	18 161	33 064	21 646	24 193	23 416
Share of Surplus/Deficit attributable to Associate	7	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1	**(38 051)**	**(16 325)**	**(3 605)**	**17 353**	**18 161**	**18 161**	**33 064**	**21 646**	**24 193**	**23 416**

Explanatory notes to Table A4 – Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R76,4million in 2022/23 and decreases to R77,1million by 2023/24. This represents a year-on-year increase of 0.91% for the 2023/24 financial year.

2. Revenue to be generated from property rates is R10,6 million in the 2022/23 financial year and increases to R11,2 million by 2023/24 which represents 5% of the own operating revenue base off the municipality and therefore remains a significant funding source for the municipality.

3. Services charges relating to water, sanitation and refuse, together constitutes the biggest component of the revenue basket of the municipality totalling R14,5 million for the 2022/23 financial year and increasing to R15,3 million by 2023/24. For the 2022/23 financial year services charges amount to 19.90% of the total revenue base and grows by 5.3% per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.

Transfers recognised- operating includes the local government equitable share and other operating grants from national and provincial government.

4. Employee related costs, Debt impairment, Depreciation and bulk purchases are main cost drivers within the municipality and alternative operational gains and efficiencies will have
to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 Budgeted Capital Expenditure

NC084 !Kheis - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote											
Multi-year expenditure ***to be appropriated***	2										
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		(730)	699	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		180	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		20 172	3 217	(33)	16 567	11 988	11 988	5 191	21 331	22 090	22 878
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total		**19 622**	**3 915**	**(33)**	**16 567**	**11 988**	**11 988**	**5 191**	**21 331**	**22 090**	**22 878**
Single-year expenditure ***to be appropriated***	2										
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	(394)	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		–	7 603	7 847	–	6 180	6 180	–	–	1 500	1 800
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**7 210**	**7 847**	**–**	**6 180**	**6 180**	**–**	**–**	**1 500**	**1 800**
Total Capital Expenditure - Vote	3,7	**19 622**	**11 125**	**7 814**	**16 567**	**18 168**	**18 168**	**5 191**	**21 331**	**23 590**	**24 678**
Capital Expenditure - Functional											
Governance and administration		**(730)**	**305**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Executive and council		–	–	–	–	–	–	–	–	–	–
Finance and administration		(730)	305	–	–	–	–	–	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**180**	**–**	**–**	**–**	**1 180**	**1 180**	**–**	**–**	**–**	**–**
Community and social services		180	–	–	–	–	–	–	–	–	–

Sport and recreation		–	–	–	–	1 180	1 180	–	–	–	–
Economic and environmental services		**235**	**774**	**(424)**	**–**	**421**	**421**	**–**	**–**	**–**	**–**
Planning and development		–	–	–	–	–	–	–	–	–	–
Road transport		235	774	(424)	–	421	421	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		**19 938**	**10 046**	**8 238**	**16 567**	**16 567**	**16 567**	**5 191**	**21 331**	**23 590**	**24 678**
Energy sources		–	–	–	–	–	–	–	–	1 500	1 800
Water management		5 306	–	–	5 000	5 000	5 000	–	9 450	9 875	10 315
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		14 632	10 046	8 238	11 567	11 567	11 567	5 191	11 881	12 215	12 563
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Functional	3,7	**19 622**	**11 125**	**7 814**	**16 567**	**18 168**	**18 168**	**5 191**	**21 331**	**23 590**	**24 678**
Funded by:											
National Government		19 938	10 046	8 238	16 567	16 567	16 567	5 191	21 331	23 590	24 678
Provincial Government		414	774	(774)	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**20 352**	**10 820**	**7 463**	**16 567**	**16 567**	**16 567**	**5 191**	**21 331**	**23 590**	**24 678**
Public contributions & donations	5	–	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	–	–	1 601	1 601	–	–	–	–
Total Capital Funding	7	**20 352**	**10 820**	**7 463**	**16 567**	**18 168**	**18 168**	**5 191**	**21 331**	**23 590**	**24 678**

Explanatory notes to Table A5- Budgeted Capital Expenditure by vote, standard classification and funding sources

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

2. Unlike multi-year capital appropriations, single-year appropriations relates to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
3. The capital programme is funded from national grants and transfers, public contributions and donations, external loans and internally generated funds from current year surpluses. For 2023/24, capital transfers totals R21,333 million. No borrowing is intended to finance any of the capital budgets during the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding)

Table 17 MBRR Table A6- Budgeted Financial Position

NC084 !Kheis - Table A6 Budgeted Financial Position

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
ASSETS											
Current assets											
Cash and cash equivalents		2 663	2 306	(2 573)	(28 739)	(29 772)	(29 772)	20 726	4 109	4 401	6 942
Trade and other receivables from exchange transactions	1	12 380	13 500	2 776	66 330	67 280	67 280	9 760	31 337	32 045	30 985
Receivables from non-exchange transactions	1	8 566	9 293	1 850	43 912	44 822	44 822	3 972	16 116	16 444	16 592
Current portion of non-current receivables		(875)	(875)	–	110	110	110	–	(817)	(814)	(812)
Inventory	2	19	178	1	185	185	185	–	20	20	20
VAT		12 928	15 733	4 104	10 280	10 280	10 280	1 594	17 693	17 693	17 693
Other current assets		–	–	–	1 172	1 172	1 172	–	–	–	–
Total current assets		**35 681**	**40 135**	**6 158**	**93 250**	**94 076**	**94 076**	**36 051**	**68 459**	**69 790**	**71 421**
Non current assets											
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	205 220	147 030	3 130	190 984	192 585	192 585	5 191	208 592	210 382	210 998
Biological assets		2	–	101	–	–	–	–	–	–	–
Living and non-living resources		–	–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–	–
Intangible assets		–	–	–	–	–	–	–	–	–	–
Trade and other receivables from exchange transactions		1 865	1 865	–	1 938	1 938	1 938	–	1 865	1 865	1 865
Non-current receivables from non-exchange transactions		–	–	–	–	–	–	–	–	–	–
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		**207 088**	**148 896**	**3 231**	**192 923**	**194 524**	**194 524**	**5 191**	**210 457**	**212 247**	**212 864**
TOTAL ASSETS		**242 769**	**189 030**	**9 390**	**286 172**	**288 599**	**288 599**	**41 242**	**278 916**	**282 037**	**284 284**
LIABILITIES											

Current liabilities	-										
Bank overdraft		–	–	–	–	–	–	–	–	–	–
Financial liabilities		(4 013)	(4 013)	–	2 391	2 391	2 391	–	(4 013)	(4 013)	(4 013)
Consumer deposits		98	114	–	98	98	98	–	117	117	117
Trade and other payables from exchange transactions	4	26 728	25 535	11 205	50 978	52 597	52 597	7 125	60 186	60 807	63 881
Trade and other payables from non-exchange transactions	5	10 190	11 997	(608)	13 110	13 110	13 110	–	10 411	10 365	10 315
Provision		53 128	9 381	693	9 478	9 478	9 478	(179)	55 410	55 410	55 410
VAT		14 698	15 194	1 704	13 404	13 404	13 404	1 231	14 388	14 388	14 388
Other current liabilities		–	–	–	–	–	–	–	–	–	–
Total current liabilities		**100 828**	**58 208**	**12 995**	**89 459**	**91 078**	**91 078**	**8 178**	**136 499**	**137 073**	**140 097**
Non current liabilities											
Financial liabilities	6	1 560	1 560	–	1 621	1 621	1 621	–	1 560	1 560	1 560
Provision	7	1 742	722	–	404	404	404	–	2 075	2 075	2 075
Long term portion of trade payables		–	–	–	–	–	–	–	–	–	–
Other non-current liabilities		–	–	–	–	–	–	–	–	–	–
Total non current liabilities		**3 302**	**2 282**	**–**	**2 025**	**2 025**	**2 025**	**–**	**3 635**	**3 635**	**3 635**
TOTAL LIABILITIES		**104 130**	**60 490**	**12 995**	**91 484**	**93 103**	**93 103**	**8 178**	**140 134**	**140 708**	**143 732**
NET ASSETS		**138 640**	**128 540**	**(3 605)**	**194 688**	**195 497**	**195 497**	**33 064**	**138 782**	**141 329**	**140 552**
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	176 691	144 865	(3 605)	205 063	205 063	205 063	–	146 333	147 763	149 203
Reserves and funds	9	–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	10	**176 691**	**144 865**	**(3 605)**	**205 063**	**205 063**	**205 063**	**–**	**146 333**	**147 763**	**149 203**

Explanatory notes to Table A6- Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councillor and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table 47 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits
   - Consumer debtors
   - Property, plant and equipment
   - Trade and other payables
   - Provisions non-current
   - Changes in net assets; and
   - Reserves

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

7. Any movement on the Budgeted Financial Performance or Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7- Budgeted Cash Flow Statement

NC084 !Kheis - Table A7 Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	1	4 463	6 544	7 454	7 454	–	7 782	8 078	8 559
Service charges		–	2 361	1 537	7 445	8 394	8 394	(697)	8 774	9 173	7 758
Other revenue		(7)	1 258	924	3 576	6 187	6 187	(3 542)	4 230	4 442	4 689
Transfers and Subsidies - Operational	1	–	31 253	24 638	38 270	38 270	38 270	(30 826)	38 107	39 985	39 779
Transfers and Subsidies - Capital	1	–	19 535	9 077	16 567	16 567	16 567	(13 316)	21 331	23 590	24 678
Interest		–	0	14	658	658	658	(3)	692	725	595
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		4 649	4 207	6 528	(73 876)	(76 765)	(76 765)	(2 020)	(77 394)	(80 712)	(81 777)
Finance charges		–	–	–	–	–	–	–	–	–	–
Transfers and Subsidies	1	–	–	–	(512)	(512)	(512)	–	–	–	–

NET CASH FROM/(USED) OPERATING ACTIVITIES		**4 642**	**58 614**	**47 181**	**(1 329)**	**253**	**253**	**(50 404)**	**3 522**	**5 281**	**4 281**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(13 091)	(378)	(768)	–	–	–	2 497	(21 331)	(23 590)	(24 678)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(13 091)**	**(378)**	**(768)**	**–**	**–**	**–**	**2 497**	**(21 331)**	**(23 590)**	**(24 678)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		3	19	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**3**	**19**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**(8 445)**	**58 255**	**46 413**	**(1 329)**	**253**	**253**	**(47 908)**	**(17 809)**	**(18 309)**	**(20 397)**
Cash/cash equivalents at the year begin:	2	**1 947**	**1 780**	**–**	(4 810)	(4 810)	(4 810)	**–**	**616**	**(17 193)**	**(35 502)**
Cash/cash equivalents at the year end:	2	**(6 498)**	**60 035**	**46 413**	**(6 139)**	**(4 557)**	**(4 557)**	**(47 908)**	**(17 193)**	**(35 502)**	**(55 899)**

Explanatory notes to Table A7- Budget Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2022/23 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. It should be noted that the amounts for operational transfers is incorrect on the draft tables. The transfer for Library had no been included, the system provider had been informed.

Table 19 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

NC084 !Kheis - 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		
R thousand		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
Cash and investments available											
Cash/cash equivalents at the year end	1	(6 498)	60 035	46 413	(6 139)	(4 557)	(4 557)	(47 908)	(17 193)	(35 502)	(55 899)
Other current investments > 90 days		21 542	(44 229)	(46 210)	43 730	42 065	42 065	78 393	52 640	71 948	93 825
Investments - Property, plant and equipment	1	205 220	147 030	3 130	190 984	192 585	192 585	5 191	208 592	210 382	210 998
Cash and investments available:		**220 264**	**162 836**	**3 334**	**228 576**	**230 093**	**230 093**	**35 676**	**244 038**	**246 828**	**248 925**
Application of cash and investments											
Trade payables from Non-exchange transactions: Unspent conditional Grants		–	–	–	(930)	(930)	(930)	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	41 427	39 802	12 615	56 549	56 005	56 005	8 745	71 532	72 102	75 387
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		**41 427**	**39 802**	**12 615**	**55 619**	**55 075**	**55 075**	**8 745**	**71 532**	**72 102**	**75 387**
Surplus(shortfall)		**178 837**	**123 034**	**(9 282)**	**172 957**	**175 018**	**175 018**	**26 931**	**172 507**	**174 726**	**173 538**

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. 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.
3. 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"

Table 20 MBRR Table A9 – Asset Management

NC084 !Kheis - Table A9
Asset Management

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		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
CAPITAL EXPENDITURE										
Total New Assets	1	**180**	**3 623**	**6 290**	**11 567**	**12 747**	**12 747**	**11 881**	**13 715**	**14 363**
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	699	(235)	–	–	–	–	1 500	1 800
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	195	391	11 567	11 567	11 567	11 881	12 215	12 563
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		**–**	***893***	***157***	***11 567***	***11 567***	***11 567***	***11 881***	***13 715***	***14 363***
Community Facilities		180	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	2 730	6 133	–	1 180	1 180	–	–	–
Community Assets		***180***	***2 730***	***6 133***	**–**	***1 180***	***1 180***	**–**	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Living Resources		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	**19 442**	**7 502**	**1 524**	**5 000**	**5 421**	**5 421**	**9 450**	**9 875**	**10 315**
Roads Infrastructure		235	774	(424)	–	421	421	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		4 576	4 874	1 982	5 000	5 000	5 000	9 450	9 875	10 315
Sanitation Infrastructure		14 632	2 248	(34)	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***19 442***	***7 896***	***1 524***	***5 000***	***5 421***	***5 421***	***9 450***	***9 875***	***10 315***
Community Facilities		–	(394)	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		**–**	***(394)***	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	**19 622**	**11 125**	**7 814**	**16 567**	**18 168**	**18 168**	**21 331**	**23 590**	**24 678**
Roads Infrastructure		235	774	(424)	–	421	421	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	699	(235)	–	–	–	–	1 500	1 800
Water Supply Infrastructure		4 576	4 874	1 982	5 000	5 000	5 000	9 450	9 875	10 315
Sanitation Infrastructure		14 632	2 442	357	11 567	11 567	11 567	11 881	12 215	12 563
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–

Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***19 442***	***8 789***	***1 680***	***16 567***	***16 988***	***16 988***	***21 331***	***23 590***	***24 678***
Community Facilities		180	(394)	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	2 730	6 133	–	1 180	1 180	–	–	–
Community Assets		***180***	***2 336***	***6 133***	–	***1 180***	***1 180***	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		**19 622**	**11 125**	**7 814**	**16 567**	**18 168**	**18 168**	**21 331**	**23 590**	**24 678**
ASSET REGISTER SUMMARY - PPE (WDV)	5	205 222	147 030	3 231	190 984	192 585	192 585	208 592	210 382	210 998
Roads Infrastructure		32 110	28 819	(2 005)	35 459	35 880	35 880	22 435	22 435	22 435
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		327	2 787	(414)	1 752	1 752	1 752	2 570	4 070	4 370
Water Supply Infrastructure		10 917	10 929	(234)	21 507	21 507	21 507	6 581	6 494	6 407
Sanitation Infrastructure		26 512	18 893	7 867	37 140	37 140	37 140	38 593	38 555	38 517
Solid Waste Infrastructure		47 022	(5 448)	(1 790)	(821)	(821)	(821)	38 886	38 862	38 837
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		5 517	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***122 404***	***55 980***	***3 424***	***95 036***	***95 457***	***95 457***	***109 066***	***110 416***	***110 566***
Community Assets		1 212	3 716	(162)	4 685	4 685	4 685	(1 752)	(1 752)	(1 752)
Heritage Assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other Assets		78 634	84 008	(7)	39 816	40 996	40 996	99 085	99 731	100 405
Biological or Cultivated Assets		2	–	101	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		225	(46)	(61)	(2 196)	(2 196)	(2 196)	(1 131)	(1 190)	(1 250)
Furniture and Office Equipment		(2)	5	(2)	(2 019)	(2 019)	(2 019)	(1 101)	(1 156)	(1 210)
Machinery and Equipment		2 519	2 523	–	1 185	1 185	1 185	1 129	1 061	992
Transport Assets		78	698	(61)	(1 096)	(1 096)	(1 096)	3 150	3 126	3 101
Land		150	146	–	55 574	55 574	55 574	146	146	146
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Living Resources		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**205 222**	**147 030**	**3 231**	**190 984**	**192 585**	**192 585**	**208 592**	**210 382**	**210 998**
EXPENDITURE OTHER ITEMS										
Depreciation	7	45 633	7 575	5 359	9 088	9 088	9 088	9 569	10 038	10 510
Repairs and Maintenance by Asset Class	3	**(41)**	**535**	**211**	**763**	**670**	**670**	**765**	**801**	**805**
Roads Infrastructure		1	–	–	41	41	41	44	46	48
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		51	38	24	37	27	27	40	42	44
Sanitation Infrastructure		(345)	30	42	124	114	114	131	137	144
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***(293)***	***68***	***66***	***202***	***182***	***182***	***215***	***226***	***236***
Community Facilities		–	–	–	12	12	12	13	14	14
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	***12***	***12***	***12***	***13***	***14***	***14***
Heritage Assets		–	–	–	–	–	–	–	–	–

Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		19	59	29	233	179	179	216	226	237
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***19***	***59***	***29***	***233***	***179***	***179***	***216***	***226***	***237***
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**2**	**2**	**0**	**23**	**23**	**23**	**20**	**21**	**22**
Furniture and Office Equipment		**28**	**10**	**4**	**77**	**77**	**77**	**71**	**75**	**78**
Machinery and Equipment		**51**	**310**	**65**	**103**	**88**	**88**	**101**	**105**	**110**
Transport Assets		**152**	**86**	**47**	**113**	**108**	**108**	**129**	**135**	**107**
Libraries		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		**45 592**	**8 111**	**5 570**	**9 851**	**9 758**	**9 758**	**10 334**	**10 840**	**11 315**

Explanatory notes to Table A9 – Asset Management

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

Table 21 MBRR Table A10 – Basic Service Delivery Measurement

NC084 !Kheis - Table A10 Basic service delivery measurement

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
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	–	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	–	–	–	–	–	–	–
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Energy:										
Electricity (at least min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–

Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		208 465	(316 019)	(97 052)	172 784	172 784	172 784	172 784	181 250	189 769
Sanitation (free minimum level service)		269 775	12 040	(15 019)	1 163 258	1 163 258	1 163 258	1 224 911	1 284 931	1 345 323
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		518 909	23 188	(15 131)	1 616 900	1 616 900	1 616 900	1 702 596	1 786 023	1 869 966
Informal Settlements		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per **indigent** household per month)		208	(316)	(97)	173	173	173	173	181	190
Sanitation (free sanitation service to **indigent households**)		270	12	(15)	1 163	1 163	1 163	1 225	1 285	1 345
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week **for indigent households**)		519	23	(15)	1 617	1 617	1 617	1 703	1 786	1 870
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided -		**997**	**(281)**	**(127)**	**2 953**	**2 953**	**2 953**	**3 100**	**3 252**	**3 405**
Highest level of free service provided per household										
Property rates (R value threshold)		–	–	–	–	–	–	–	–	–
Water (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (average litres per week)		–	–	–	–	–	–	–	–	–
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)		–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		–	–	–	601	601	601	633	664	695

Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	–	–	–	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	–	–	–	–	–	–
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	6	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided		**–**	**–**	**–**	**601**	**601**	**601**	**633**	**664**	**695**

Explanatory notes to Table A10 – Basic Services Delivery Measurement

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

2. The budget provides for more households to be registered as indigent in 2023/24, and therefore entitled to receiving Free Basic Services.

3. It is anticipated that these Free Basic Services will cost the municipality R 2,9 million in 2022/23, increasing to R3,1 million in 2023/24. This is covered by the municipality's equitable share allocation from national government.

Part 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the annual budget process

In terms of Section 30 of the Municipal Systems Act no 32 of 2000, the *Mayor of a municipality must in accordance with S 29 –*
"(c) Submit the final plan to the municipal council for adoption by the council, further

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 consists of the Municipal Manager and senior officials of the municipality chaired by the Municipal Manager.

The primary aims of the Budget Steering Committee are 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 municipality'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.

2.1.1 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.

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, finalizing, adoption and review of its Integrated Development Plan.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2022. Key dates applicable to the process were:

2023/24 IDP AND BUDGET PROCESS TIME SCHEDULES

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
1	**Jun 2022**	Assess the 2023/24 IDP & Budget process to address deficiencies, improvements and ensure integration and alignment of processes for 2024/25 - 2025/2026	**IDP Office**	IDP Manager & Chief Financial Officer	Internal Process	**30 June 2022**	**Done**
2	**July 2022**	Final 2022/23 ***IDP and Budget process time schedule*** outlining the steps and timeframes for compilation of the 2021/22 IDP, 2021/2022 Budget and two outer year's Budget and SDBIP	**IDP Office**	IDP Manager & Chief Financial Officer	MFMA S21(1)(b)	**30 July 2022**	**Done**
3		Municipal Strategic Session to deliberate on (a) the 20/ 30 year Spatial Development Plan (SDP) and (b) high level strategic issues to redefine Council's short term Strategic Agenda to implement SDP.	**Office of the MM**	Municipal Manager Directors Executive Mayor EXCO Members	Internal Process	**29 and 30 July 2022**	**Done, SDF approved by Council**
4		Attend District IDP Managers Forum Meeting-Discuss outcomes of IDP and Budget Assessments, Challenges and District Interventions into IDP and budget planning for the review process.	**IDP Office**	IDP Manager	Internal Process	**30 July 2022**	**Meeting Postponed**
5		Ward Committee Meetings to review the prioritisation of community needs in approved IDP and discuss the process for developing Neighbourhood Plans: Communicate final approved 23/24 Budget, Tariffs and IDP to Ward Committees.	**Office of the Speaker**	Speaker	MSA	**24 July 2022**	**Done, May 2021**
6		Consider MEC comments and recommendations on assessment of initial IDP Document and IDP processes followed.	**IDP Office**	Municipal Manager Directors IDP Manager	MSA S21	**30 July 2022**	**Done**

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
7	Jul 2022	Signing of 2023/24 performance contracts for Section 57 Managers and Submission to the Mayoral Committee Signing of lower levels staff performance agreements.	**Office of the MM**	Municipal Manager	MFMA S53(1)(c)(iii)	**30 July 2022**	**Done**
8		Prepare and finalise Departmental Plans	**All Departments**	Municipal Manager Directors	Internal Process	**30 July 2022**	**Done**
9		Final Section 57 Managers 2023/24 Performance Assessments Final Performance Assessments of lower level staff	**MM**	Municipal Manager Executive Mayor	MSA and MFMA	**30 July 2022**	**Done**
10		Finalise logistic processes in respect of each of the IDP and budget meetings and table a business plan to Management in this regard.	**IDP Office**	IDP Manager	Internal Process	**30 July 2022**	**Done**
11	Aug 2022	Convene IDP and Budget Steering Committee Meeting. (Dry Run) Final Discussion of Public Participation Meeting Processes.	**IDP Office**	IDP Manager	MSA CH 5	**27 August 2022**	**Done**
12		Operational Budget: Salary/Wages schedules to Directors for scrutiny & Corrections	**BTO**	CFO Directors	Internal Process	**27 August 2022**	
13		IDP Public Participation Meetings. Communicate Capital Projects per Ward on 23/24 budget, Reconfirm / review service delivery/development priorities.	**IDP Office Office of the Speaker**	IDP Manager Directors Speaker Ward Councillors Mayor	MSA Ch5 S29	**31 August 2022**	**Meetings done in May 2021**
14		Consult Sector Departments to establish programme/Projects for 5 years – Inter-governmental engagements on IDP and Budget	**IDP Office BTO**	IDP Manager CFO	MSA Ch5 S24	**31 August 2022**	**Meeting cancelled**
15		Adjustment of Budget Rollovers; changes on SDBIP and KPI'S as per Adjustment Budget	**BTO Corporate Services**	CFO Director Corporate Services	MFMA S28 MBRR S23	**31 August 2022**	**Done**
16		Tabling of and briefing Council on the Final 2023/24 IDP/Budget Process Plan for approval, including time schedules for IDP/Budget Public participation meetings.	**IDP Office BTO**	IDP Manager Chief Financial Officer	MFMA S21(1)(b)	**31 August 2022**	**Done, approved by Council**

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
17	Sep 2022	Advertise the budget process and dates of IDP/Budget Public meetings on Municipal Website, Municipal Newsletter and Local Newspapers	**IDP Office**	IDP Manager Municipal Manager	MSA and MFMA	**16 September 2022**	**Done, uploaded onto Municipal Website**
18		Attend District IDP Managers Forum Meeting. Develop uniform guidelines for IDP/Budget review.	**IDP Office**	IDP Manager Municipal Manager	Internal Process	**18 September 2022**	**Done virtually**
19		Forward adjustment budget (hard and electronic copies) to National Treasury and Provincial Treasury after approval.	**BTO**	CFO	MFMA S28(7)	**23 September 2022**	
20		Review of Municipal Strategic Plan Workshop with Council: Review Municipal KPA and Strategic Objectives	**Office of the MM**	Municipal Manager Directors Council	Internal Process	**30 September 2022**	**Done**
21		Operational Budget: Salary/Wages schedules with corrections and recommendations to be returned to Finance Department	**All Departments**	Directors CFO	Internal Process	**30 September 2022**	
22		Attend Quarterly Provincial IDP Manager Forum Meeting in preparation for IDP Indaba 2	**IDP Office**	IDP Manager	Internal Process	**30 September 2022**	**Done**
23	Oct 2022	Two Day Neighbourhood Development Session with Wards to prepare Final Neighbourhood Development Plans	**IDP Office**	IDP Manager	Internal Process	**1 & 2 October 2022**	
24		Directorates to be provided with the previous financial year 5 year Capital Plan in order to be able to indicate any changes that need to be made and identify any new projects that needs to be added for the compilation of the Final Capital Budget	**BTO**	CFO Directors	Internal Process	**4 October 2022**	
25		Ward Committee Meetings: Discuss, scrutinise community needs as outcome of IDP/ Budget public engagement sessions to IDP forum. (IDP forum consolidate requests from all wards where after projects prioritized in line with available funding over five year period) Escalate community needs relating national/ provincial mandates to relevant organ(s) of state.	**IDP Office**	IDP Manager	MSA	**16– 23 October 2022**	**Done – meetings held monthly**

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
26	Oct 2022	Review and costing of municipal rates and tariffs. Preparation of tariffs and bulk resource (water (Water Board), electricity (NERSA), etc.) engagement documentation. Directors to be provided with the previous year's operating expenditure / income actual and current year projections to be used as a base for new Operating Budget. (CFO will further submit budget guidelines to Budget Steering Committee for approval. Guidelines to include deadline dates by which Directorates have to meet as well as submission of requests per line item with a zero based budget)	**BTO**	CFO Directors Budget Steering Committee	Internal Process	**18 October 2022**	
27		Attend District Stakeholders Engagement Session to inform Sector Departments and Stakeholders of IDP/Budget needs analysis.	**IDP Office**	IDP Manager	Internal Process	**17 October 2022**	**Meeting cancelled**
28		Table Revised Strategic Plan in Council for approval	**Office of the MM**	Municipal Manager	Internal Process	**29 October 2022**	
29		Review Municipal Spatial Development Framework	**Planning and Development**	Director Planning and Development	Internal Process	**29 October 2022**	**Done, approved by Council**
30		Submit Quarterly Report (July 2022 – September 2022) on implementation of budget and financial state of affairs to Council	**Office of the MM**	Mayor/CFO	MFMA S52(d)	**29 October 2022**	
31		Engagements with Provincial Government regarding any adjustments to projected allocations for next 3 years in terms of the MTREF	**BTO**	CFO Directors	MFMA S28	**29 October 2022**	
32		Updating and review of strategic elements of IDP in light of the focus of Council	**IDP Office**	IDP Manager	MSA	**29 October 2022**	**Done**
33	**Nov 2022**	Operational Budget: Income / Expenditure inputs and statistics to be returned to Budget Office	**All Departments**	Directors/CFO	Internal Process	**18 November 2022**	

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
34	Nov 2022	Directors Identify/Create Projects as outcome of the prioritisation of development needs during IDP public engagements sessions within projected budget allocations.	**All Departments**	CFO Directors	MSA	**05 – 22 November 2022**	**Meetings held in October 2021**
35		Convene IDP/ Budget Steering Committee Meeting: Identify projects per Ward with Budget Allocations; prioritise implementation and integration where possible.	**IDP Office**	IDP Manager IDP Steering Committee	MSA	**22 November 2022**	
36		Review Municipal Strategies, objectives, KPA's, KPI's and targets. - Identification of priority IDP KPI's incorporate in IDP and link to budget	**IDP Manager**	IDP Steering Committee CFO	MSA and MFMA	**22 November 2022**	**Done**
37		Capital Budget: Inputs from the different Directorates to be returned to the Budget Office	**All Departments**	Directors/CFO	Internal Process	**26 November 2022**	
38		Executive management articulates outcomes, objectives, priorities and outputs desired for next three years and submit capital budget project proposals for final IDP Review document to Budget Office	**All Departments**	Budget Steering Committee Executive Management	Internal Process	**29 November 2022**	
39		Based on financial statements of 2021/22 determine municipality's financial position & assess its financial capacity & available funding for next three years	**BTO**	CFO	Internal Process	**29 November 2022**	
40		Final Salary Budget for 2023/24	**BTO**	CFO	Internal Process	**29 November 2022**	
41		Submit Bulk Resource documentation (water (Water Board), for consultation on municipal tariffs for 2023/24 and the two outer Budget years.	**BTO**	CFO	Internal Process	**29 November 2022**	**N/A**
42	**Dec 2022**	Final preliminary projections on operating revenue and expenditure budget for 2023/24	**BTO**	CFO	Internal Process	**10 December 2022**	**Meetings cancelled**
43	**Dec 2022**	Convene IDP Representative Forum Meeting to give feedback and discuss outcome of Budget steering committee meeting	**IDP Office**	Municipal Manager IDP Manager CFO	MSA	**13 December 2022**	**Meetings postponed**

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
44	Dec 2022	***Workshop 1:*** final IDP, Budget and proposed tariffs and SDBIP with Council. Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.	**IDP Office**	Mayor Municipal Manager IDP Manager CFO	MFMA & MSA	**Late November/ early December 2022**	
45		Final expenditure on operational budget for the budget year and two outer years.	**BTO**	CFO	Internal Process	**23 December 2022**	
46		Conclusion of Sector Plans and integration into the IDP document	**IDP Office**	IDP Manager	MSA	**23 December 2022**	**Done**
47		Final departmental Plans and link to IDP	**All Departments**	IDP Manager Directors	MSA	**23 December 2022**	**Done**
48	Jan 2023	Request and / or follow-up with Water Board/ NERSA/ other Bulk Service providers for feedback on proposed municipal 2023/24 – 2025/26 tariffs and engagement documentation submitted in Nov 2022	**BTO**	CFO	MFMA	**15 January 2023**	
49		Submit Final IDP, Budget and SDBIP to Director Corporate Services with proposed schedule of Ward Committee Meetings for post IDP & Budget Feedback & Consultation Process	**IDP Office**	IDP Manager	MSA	**20 January 2023**	**Done**
50		Executive Management final the final IDP & Capital Budget for referral to IDP & Budget Steering Committees. **Processes to be followed to be clearly set out in municipality's budget management and implementation policy.**	**Office of the MM**	Municipal Manager Directors	Internal Process	**24 January 2023**	**Done**
51		Tabling of 2022/23 Mid-Year Assessment (to potentially influence 2022/23) to Council 2023/24 – 2025/2026	**Office of the MM**	Municipal Manager Directors	MFMA S72	**24 January 2023**	
52		Meetings and formal consultation with Bulk Service Providers (ESCOM and relevant Water Board on bulk purchase price increase assumptions	**BTO**	CFO	MFMA S23	**30 & 31 January 2023**	
53		Submit Quarterly Report (Oct 2022 – Dec 2022) on implementation of budget and financial state of affairs to Council. Consider combining with MFMA S. 72 mid-year performance assessment.	**Office of the MM/C.F.O**	Executive Mayor	MFMA S52(d)	**31 January 2023**	**Done**

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
54	Jan 2023	Tabling of 2021/22 Annual Report to Council	**Office of the MM**	Municipal Manager	MFMA S127(2)	**31 January 2023**	**Done, approved by Council**
55		Convening Budget Steering Committee Meeting for the purpose to discuss and prioritise final Capital projects for the next three years	**Office of the MM**	Budget Steering Committee	MSA S29	**31 January 2023**	**Meeting postponed – due in February**
56		Final review of municipal strategies, objectives, KPA's, KPI's and targets	**IDP Office**	IDP Manager IDP Steering Committee	Internal Process	**31 January 2023**	**Done**
57		Review all budget related policies	**BTO**	CFO	MBRR 7	**2 - 31 January 2023**	
58		Adjustment Budget: Final Capital and Operational budget projections for 2022/23	**BTO**	CFO	MBRR 21	**31 January 2023**	
59	Feb 2023	Submit Annual Report to Auditor General, Provincial Treasury and COGTA	**Office of the MM**	Municipal Manager	MFMA S(127)(5)(b)	**15 February 2023**	
60		Directors Identify projects and forward local Budget Needs priorities to ZFM DM. Project alignment between ZFM DM and !Kheis Local Municipality	**All Departments**	Directors	Internal Process	**04 – 16 February 2023**	
61		Ward Committee Meetings: Discuss and brief Ward Committees on Council's revised strategic plan, Strategic Objectives and envisaged deliverables.	**IDP Office**	IDP Manager	Internal Process	**25 – 31 March 2023**	
62		Review tariffs and charges and determine affordable tariffs and final income budget.	**BTO**	CFO	MFMA s20	**24 February 2023**	
63	Feb 2023	Attend Provincial IDP INDABA Incorporate Sector Departments Projects in Final IDP.	**IDP Office**	IDP Manager Directors	Internal Process	**26 February 2023**	
64		Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget, e.g. Grant Allocations	**Office of the MM BTO**	Municipal Manager CFO	MFMA21(2)(c)	**18 – 26 February 2023**	
65		Attend District IDP Managers Forum Meeting to discuss the alignment of IDP Strategic Development Goals with ZFM DM. Final IDP Presentations.	**IDP Office**	IDP Manager	Internal Process	**28 February 2023**	
66		Present Final IDP and Budget to Steering Committees for quality check	**IDP Office BTO**	IDP and Budget Steering Committees	MBRR S4	**28 February 2023**	

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
67	Feb 2023	Submit first final IDP to ZFM DM for Horizontal Project alignment between the ZFM DM and !Kheis Local Municipality	**IDP Office**	IDP Manager	Internal Process	**28 February 2023**	
65		Table Adjustment Budget to Council for approval	**Office of the MM**	Municipal Manager	MBRR S23	**28 February 2023**	
66		Amend IDP, SDBIP, KPI's and performance agreements into adjustment budget	**Office of the MM**	Municipal Manager Directors	MFMA 28	**28 February 2023**	
67	March 2023	Present Final IDP and Budget to Steering Committees for quality Check (Including recommendations / adjustments made at meetings of 28 February 2023)	**IDP Office BTO**	IDP and Budget Steering Committees	MBRR 4	**31 March 2023**	
68		***Workshop 2:*** final IDP, Budget and proposed tariffs and SDBIP with Council. Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.	**IDP Office BTO**	IDP Manager CFO	Internal Process	**31 March 2023**	
69		Forward Adjustment Budget (hard and electronic copies) to National and Provincial Treasury after approval	**BTO**	CFO	MBRR 24	**16 March 2023**	
70		Publication of approved Adjustment Budget after approval per MSA and on municipal website	**BTO**	CFO	MBRR 26	**16 March 2023**	
71		Municipal Manager presents final IDP, Budget, SDBIP and Budget related policies to the Mayor for perusal and tabling to Council	**Office of the MM**	Municipal Manager	Internal Process	**23 March 2023**	
72		Municipal Manager submit final IDP, Budget, and Related Policies to Director Corporate Services for inclusion in Council Meeting Agenda	**Office of the MM**	Municipal Manager	Internal Process	**23 March 2023**	
73		Table ***(and briefing of council)*** final IDP, Budget, SDBIP and Related policies and proposed schedule of Ward Committee Meetings for IDP & Budget Feedback/Consultation Process to Council (Principal Approval)	**Office of the MM**	Municipal Manager	MFMA S16	**31 March 2023**	

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
74	**Mar 2023**	Training workshop for councillors to equip councillors for Public participation meetings. Briefing of councillors on logistical arrangements for public participation meetings.	**Office of the MM**	Municipal Manager And Sec 57 Managers, etc.	MFMA	**31 March 2023**	
74		Council to Consider and adopt an oversight report on 2021/22 Annual Report	**Office of the MM**	Municipal Manager	MFMA S129(1)	**31 March 2023**	
75	**April 2023**	Advertise & Inviting public comments on Final Budget, Proposed Tariffs, and IDP Place copies of Final Budget and IDP at all municipal buildings.	**Corporate Services BTO**	Director Corporate Services CFO	MBRR S15 MFMA S22	**6 April 20223(Advertise) 2 – 20 April 2023 (public comments)**	
76	**April 2023**	Forward Copy of preliminary approved Budget ,IDP, SDBIP & related documents (hard and electronic copies) to National & Provincial Treasury – 10 working days after tabling	**Office of the MM**	CFO IDP Manager	MFMA S22(b)	**10 April 2023**	
77		Attend District IDP Managers Forum- Present Final IDP for input.	**IDP Office**	IDP Manager	Internal Process	**20 April 2023**	
78		Public Consultation Meetings: Feedback / Consultation on preliminary approved IDP & Budget (Details as per Annexure A)	**Office of the MM**	Municipal Manager Directors	MBRR S15 MFMA S23	**02 – 20 April 2023**	
79		Engagement with the Provincial Treasury on final budget benchmark	**Office of the MM**	Municipal Manager	MFMA CH 5	**12 April 2023**	
80		CFO and Director Corporate Service analyse public and Ward Committee comments and inputs on Final IDP and Budget and prepare recommendations for Council's perusal	**Corporate Services BTO**	CFO Director Corporate Services	MBRR S16(1)(a)	**30 April 2023**	
81		Submit Quarterly Report (Jan 2023 – Mar 2023) on implementation of budget and financial state of affairs to Council	**Office of the MM**	Executive Mayor	MFMA s52(d)	**30 April 2023**	**Done**
82	**May 2023**	Council considers public and Government Departments' comments and inputs and revised IDP, Budget and SDBIP if necessary.	**Office of the MM**	Municipal Manager	MBRR 16(1)(a)	**01 – 08 May 2023**	
83		Present Final IDP, Budget and final SDBIP to Steering Committees for quality Check (Including recommendations made by all stakeholders and Council)	**IDP Office BTO**	IDP and Budget Steering Committees	MBRR 4	**18 and 19 May 2023**	**Done**

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
84	**May 2023**	Table final IDP, budget & related documents to Council for approval.	**Office of the MM**	Municipal Manager	MFMA S24(1)	**30 May 2023**	
85	**June 2023**	Inform local community on approved IDP and Budget Detail – Place Newspaper Article and Copies at Libraries	**Office of the MM**	Municipal Manager	MBRR S18	**12 June 2023**	VIREMENTS
86		Send copy of approved Budget, IDP, & related documents (incl. final SDBIP) to National and Provincial Governments and other stakeholders Ensure Signed Quality Certificate as per S5 of MBRR is also attached.	**IDP Office BTO**	CFO IDP Manager	MFMA S24(3)	**12 June 2023**	
87		Publication of Approved Budget and IDP within 10 workings days on Municipal Website	**BTO IDP Office**	CFO IDP Manager	MFMA S75(1)(a)	**12 June 2023**	
88		Submit final SDBIP to Mayor within 14 days after approval of budget	**Office of the MM**	Municipal Manager	MFMA S69(3)(a)	**15 June 2023**	
89		Mayor approves the municipality's SDBIP within 28 days after the approval of the budget and submit hard and electronic copy to NT and PT	**Mayor's Office**	Executive Mayor	MFMA S(53)(1)(c)(ii)	**30 June 2023**	
90		Place approved IDP, budget, SDBIP and related documents on CD for all councillors and distribute.	**IDP Office**	IDP Manager	Internal Process	**30 June 2023**	

IDP and Budget Process
The scheduled meetings took place in line with the projected dates and times as approved by Council, accept for two divisions within the wards.

Political and management oversight of the budget compilation process and more specifically.

IDP Representative Forum – This forum represents all stakeholders and is inclusive as possible. Efforts will be made to bring additional organizations into the IDP RF and ensure their continued participation throughout the progress.

IDP and Budget Steering Committee – Oversee the alignment of the planning process with the district framework.

Determination of priorities/projects
Through public participation needs and priorities are identified.
Newspapers will inform the community of the progress of the IDP
The website will also be utilized to communities and inform the community. Copies of the IDP and the Budget will be placed on the website for people and service providers to download.

Alignment of municipal priorities with National, Provincial and sector priorities.
The municipality used the conditional grants as published in the 2022 Division of Revenue bill and the 2022 Northern Cape appropriation bill for the Financial Performance budget and the Financial Capital budget. Projects identified and priorities in the 2023/24 reviewed IDP were budgeted for in the capital budget.

The following projects were approved to be funded out of MIG

- Upgrading of bulk water supply – Topline - R 9 450 000
- Construction of sewer reticulation, pump station and rising main to oxidation ponds in Wegdraai - R 11 881 000

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The municipality's IDP is a 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 fourth 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 2023/24 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 performance against the 2023/24 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.

The Final Service Delivery and Budget Implementation Plan (SDBIP) with Final Performance Agreements will be submitted to the Mayor after the approval of the Final IDP and Budget; and the final SDBIP will be tabled to Council for approval with the Performance Agreements. The proposed date for these submissions will depend on the directives given by the President and the Minister for Cogta, 30 days after the closure of the Corona virus lockdown with the final IDP and Budget.

2.1.3 Financial Modelling and Key Planning Drivers

5. 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:

- Municipal 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 2022/23 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases 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 115 has been taken into consideration in the planning and prioritisation process.

2.2 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.

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 the people living in that area. Applied to the municipality, 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 municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was 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 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 Strategies (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;

- 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. The following table highlights the IDP's five strategic for the 2023/24 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

SFA#	STRATEGIC FOCUS AREA/NATIONAL KEY FOCUS AREA	SO#	STRATEGIC OBJECTIVE	IDP PRIORITIES
SFA1	Basic Service Delivery	SO1	To improve and maintain current service through infrastructure development	➢ **PR1** Water ➢ **PR2** Sanitation ➢ **PR3** Electricity ➢ **PR4** Streets and Storm water management ➢ **PR5** Human Settlements
		SO2	To promote a safe and healthy environment through the protection of our natural resources	➢ **PR6** Environmental conservation – refuse removal, parks etc. ➢ **PR7** Disaster management
SFA2	Local Economic Development	SO3	To create an enabling environment for social development and economic growth	➢ **PR8** Facilitate decent opportunities for job creation ➢ **PR9** Rural development ➢ **PR10** Youth development ➢ **PR11** Opportunities for women and people living with disabilities ➢ **PR12** HIV/AIDS awareness
SFA3	Municipal Financial Viability and Transformation	SO4	To grow the revenue base of the municipality	➢ **PR13** Sound financial planning

SFA4	Municipal Transformation and Organizational Development	SO5	To structure and manage the municipal administration to ensure efficient service delivery	➢ **PR14** Institutional capacity building
SFA5	Good Governance and Public Participation	SO6	To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication	➢ **PR15** Ward Committee system ➢ **PR16** Communications

Aspects Which Need Attention

Currently the IDP document has certain aspects which still need to be completed within the near future. Some of these aspects have been started and as soon as completed, would form part of this document.

The compilation of an IDP for any town or area is a dynamic process, which doesn't necessarily end with the completion, approval and submission of a document. It is only the start of the new way of working towards future planning of the respective area. As the current actions are completed, new needs arise and new objectives need to be formulated to address these needs. This document therefore, serves as the foundation on which annual building and planning must take place.

In future review processes, more attention should be given to the Integration Phase of the document, as well as to monitoring of the effective and successful implementation of projects.

On national level it has been pointed out to almost all local authorities must focus more of their planning on:

a) Environmental issues,
b) Alignment especially with regard to government departments and
c) Sustainability of projects and programs.

With this in mind this municipality already attempted to address some of the above-mentioned gaps in this IDP review process and are committed to continuing doing so in order to enhance developmental local government.

The 2022/23 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.

Table 23 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue

NC084 !Kheis - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

R thousand			Ref	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
Basic and Sustainable Delivery	Water, cleaning services, Waste Removal, Sewerage			15 140	216	4 248						
Municipal Infrastructure Development	Water, Public works, waste											
Local Economic Development	Community Services			870	796	871	1 000	1 000	1 000	1 043	1 091	1 141
Municipal Finance Viability and Management	Finance			39 973	68 168	56 671	89 400	92 011	92 011	97 438	103 435	106 228
Good Governance and Public Participation	Executive & Council, Corporate Services											
Good Governance	Traffic, Road transport											
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	**55 983**	**69 180**	**61 790**	**90 400**	**93 011**	**93 011**	**98 481**	**104 526**	**107 369**

Table 24 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC084 !Kheis - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

R thousand			Ref	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
Basic and Sustainable Delivery	Water, cleaning services, Waste Removal, Sewerage			27 388	25 178	17 679	23 236	25 058	25 058	23 572	24 726	25 854
Municipal Infrastructure Development	Water, Public works, waste											
Local Economic Development	Community Services			6 426	7 550	9 272	5 057	5 000	5 000	4 763	4 883	5 113
Municipal Finance Viability and Management	Finance			49 032	37 185	24 150	26 714	26 871	26 871	28 268	29 501	30 742
Good Governance and Public Participation	Executive & Council, Corporate Services			10 010	14 625	13 680	17 156	17 035	17 035	19 318	20 264	21 217
Good Governance	Traffic, Road transport			1 179	967	613	884	885	885	913	958	1 028
Allocations to other priorities												
Total Expenditure			1	**94 034**	**85 505**	**65 395**	**73 047**	**74 850**	**74 850**	**76 834**	**80 333**	**83 953**

Table 25 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and budgeted capital expenditure

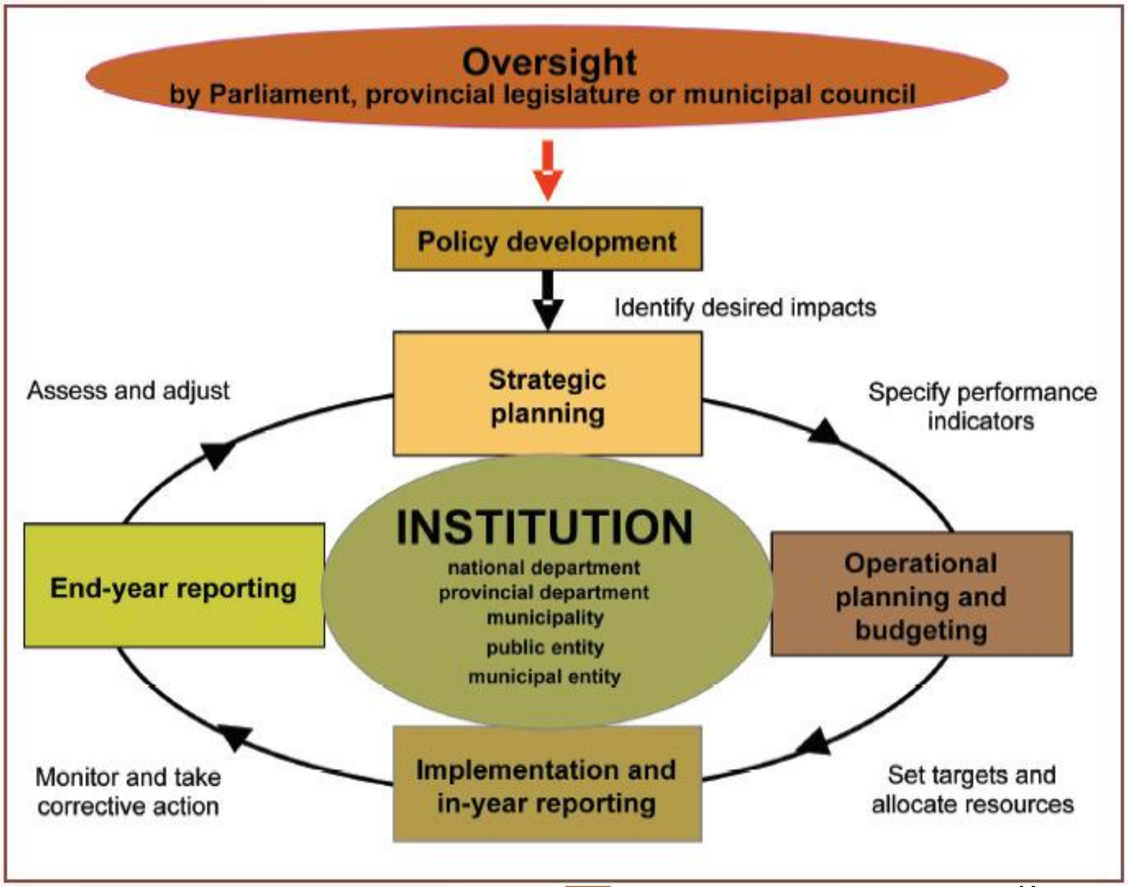
NC084 !Kheis - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

R thousand			Ref	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
Basic and Sustainable Delivery	Water, cleaning services, Waste Removal, Sewerage	A		20 172	10 820	7 814	16 567	18 168	18 168	21 331	23 590	24 678
Municipal Infrastructure Development	Water, Public works, waste	B										
Local Economic Development	Community Services	C		180								
Municipal Finance Viability and Management	Finance	D		(730)	305							
Good Governance and Public Participation	Executive & Council, Corporate Services	E										
Good Governance	Traffic, Road Transport	F										
Allocations to other priorities			3									
Total Capital Expenditure			1	**19 622**	**11 125**	**7 814**	**16 567**	**18 168**	**18 168**	**21 331**	**23 590**	**24 678**

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 municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly to individual employee's performance.

At any 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:



The developmental results of achieving specific outcomes

IMPACT

Manage towards achieving

What we aim to change?

The medium-term results for specific beneficiaries that are the consequence of achieving specific

OUTCOME

What we wish to achieve?

The final products, or goods and services produced for delivery

W h a

t we produce or **?**

The processes or actions that use a range of inputs to produce the desired outputs and

OUTPUTS

What we do?

The resources that contribute to the

ACTIVITIES

What we use to do the work?

INPUTS

Plan, budget, implement and monitor

Figure 1 Planning, Budgeting and reporting cycle

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 purposes); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury
The following table sets out the municipalities main performance indicators and benchmarks for 2022/23 MTREF.

Table 27 MBRR Table SA8 – Performance indicators and benchmarks

NC084 !Kheis - 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		
R thousand		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
Cash and investments available											
Cash/cash equivalents at the year end	1	(6 498)	60 035	46 413	(6 139)	(4 557)	(4 557)	(47 908)	(17 193)	(35 502)	(55 899)
Other current investments > 90 days		21 542	(44 229)	(46 210)	43 730	42 065	42 065	78 393	52 640	71 948	93 825
Investments - Property, plant and equipment	1	205 220	147 030	3 130	190 984	192 585	192 585	5 191	208 592	210 382	210 998
Cash and investments available:		**220 264**	**162 836**	**3 334**	**228 576**	**230 093**	**230 093**	**35 676**	**244 038**	**246 828**	**248 925**
Application of cash and investments											
Trade payables from Non-exchange transactions: Unspent conditional Grants		–	–	–	(930)	(930)	(930)	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	41 427	39 802	12 615	56 549	56 005	56 005	8 745	71 532	72 102	75 387
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		**41 427**	**39 802**	**12 615**	**55 619**	**55 075**	**55 075**	**8 745**	**71 532**	**72 102**	**75 387**
Surplus(shortfall)		**178 837**	**123 034**	**(9 282)**	**172 957**	**175 018**	**175 018**	**26 931**	**172 507**	**174 726**	**173 538**

2.3.1 Performance indicators and benchmarks

2.3.1.1 Safety of Capital

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.

2.3.1.2 Liquidity

- Current ratio is a measure of the current assets divided by the current liabilities. For the 2023/24 MTREF the current ratio is (3.64) and in the 2023/24 budgeted financial year the ration is (3.78), while the ratio for the 2024/25 MTREF is (4.93)as the liquidity for the two outer years of the MTREF is on (5.6) as to 1. Going forward it will be necessary to improve on this rate. This is below the benchmark ratio because of the excessive provision for bad debts that we are still going to review.

- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations
.

2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management plan has been implemented to increase cash flow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intension of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.4 Creditors Management

The municipality strive to pay all creditors within the legislated 30 days of invoice.

2.3.2 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. Only registered indigents quality for the free basic services.

For the 2022/23 financial year more indigents have been provided for in the budget. In terms of the Municipality’s indigent policy (attached as Annexure 4) registered households are entitled to 6kl fee water, free sanitation and free waste removal equivalent to once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic service, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 24 MBRR A10 (Basic Service Delivery Measurement)

Table 24 MBRR A10 (Basic Service Delivery Measurement)

NC084 !Kheis - Table A10 Basic service delivery measurement

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		-2019	-2020	-2021	-2022-O	-2022-A	-2022-F	-2023	-2024	-2025
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	–	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	–	–	–	–	–	–	–
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–

Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Energy:										
Electricity (at least min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		208 465	(316 019)	(97 052)	172 784	172 784	172 784	172 784	181 250	189 769
Sanitation (free minimum level service)		269 775	12 040	(15 019)	1 163 258	1 163 258	1 163 258	1 224 911	1 284 931	1 345 323
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		518 909	23 188	(15 131)	1 616 900	1 616 900	1 616 900	1 702 596	1 786 023	1 869 966
Informal Settlements		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per **indigent** household per month)		208	(316)	(97)	173	173	173	173	181	190
Sanitation (free sanitation service to **indigent households**)		270	12	(15)	1 163	1 163	1 163	1 225	1 285	1 345
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week **for indigent households**)		519	23	(15)	1 617	1 617	1 617	1 703	1 786	1 870
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided -		**997**	**(281)**	**(127)**	**2 953**	**2 953**	**2 953**	**3 100**	**3 252**	**3 405**
Highest level of free service provided per household										
Property rates (R value threshold)		–	–	–	–	–	–	–	–	–
Water (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (average litres per week)		–	–	–	–	–	–	–	–	–
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)		–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		–	–	–	601	601	601	633	664	695
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	–	–	–	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	–	–	–	–	–	–
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	–	–	–	–	–	–

Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	6	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided		**–**	**–**	**–**	**601**	**601**	**601**	**633**	**664**	**695**

2.3.3 Providing clean water and managing waste water

The municipality is the Water Service Authority for the entire municipal area in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 90% of the municipality's bulk water needs are provided directly by Boegoeberg Water in the form of purified water.

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

Our blue Drop status was assessed as fair but our green drop status was not up to standard

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

- Shortage of skilled personnel makes proper operations and maintenance difficult; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and Waste Water Division will embark on an in-house training programme, especially for operational personnel;

2.4 Overview of budget related-policies

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

2.4.1 Review of rates policy

The Rates Policy will be considered for approval by Council at the budget meeting of 31 May 2023. Amendments have been made with regard to the tariffs increases and the final policy will be attached to that document. While the final policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to accommodate all stakeholder views. Some of the possible revisions will include the need for full participation of relevant stakeholders when changing rebates on property rates every year. In addition the rebate structure is also likely to change to incorporate the views from the stakeholders.

2.4.2 Asset Management. Infrastructure Investment and Funding Policy

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. Within the framework, the need for asset maintenance was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

2.4.3 Budget 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.
It 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 Policy will be approved by Council in May 2023.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was review and adopted by Council 31 May for the 2023/24 financial year. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. The current policy can be located on the municipal website at www.!kheis.gov.za.

2.4.5 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy, as approved in council is also under review. The aim of the policy is to ensure that the municipality's surplus cash and investments, where applicable, 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.

2.4.6 Tariff Policies

The municipality's tariff policies (located at www.!kheis.gov.za) provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.4.8 Financial Code Policy

The Financial Code Policy has directly informed the compilation of the 2023/24 MTREF with the emphasis on affordability and long-term sustainability. Although we are busy reviewing the policy, its contents have been of significance in the preparation of the MTREF. The policy dictates the approach to long term financial modelling. The outcomes are then filtered into the budget process. The financial planning outcomes are taken to Council and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2023/24 final Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investments possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

The above policy together with those listed below will be made available on the municipality's website, as well as:

- Property Rates Policy;
- Budget Policy;
- Indigents Policy.
- Tariff Policy
- Credit Control and Debt Collection Policy
- Financial Code Policy
- Asset Management Policy
- Cash Management and Investment Policy
- Borrowing Policy; and
- Supply Chain Management Policy

2.5 Overview of budget assumptions

2.5.1 External factors

South Africa's economy has continued to take a down spiral, but a much slower rate than projected at the time of the 2023 Budget. Inflation has remained at a very high down spiral, with consumer prices rising by more than the anticipated growth of 5.3 percent as projected by MFMA circular 123 of 2023.

Consequently, municipal revenues and cash flows are expected to gradually improve during 2023/24. However, given that the likely recovery is not guaranteed and, at best, is likely to be slow, the municipality still had to adopt a conservative approach in projecting expected revenues and cash receipts. This has also applied to managing all revenue and cash streams effectively, as well as evaluation of the spending decision.

2.5.2 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 of bulk and water; and
- The increase in the cost of remuneration. Employee related costs comprise 45% of total operating expenditure in the 2023/24 MTREF. The increase in employee related costs is at least within inflation levels at 5.3%. We have applied the guideline increase by National Treasury as contained in Circulars 123.

2.5.3 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 current municipal loan book is based on fixed interest. The municipality does not intent to enter into any long term debts for the 2023/24 budget year

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at various rates at or above the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecast term. The municipality embark to implement a Revenue Enhancement Strategy which will contribute towards our cash flow problems.

2.5.5 Salary increases

According to budget circular 123 of 2023, the provision for salary increases had been agreed at 5.3% at the bargaining council. The municipality provide for the mentioned increase in the concept budget for 2023/24.

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focus 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 skills development;
- Improving health service;
- 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.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 80 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2023/24 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

NC084 !Kheis - 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		
R thousand	1	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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	4 498	4 294	3 933	8 648	8 648	8 648	2 627	9 115	9 562	10 012
Service charges - Waste Water Management	2	2 232	2 516	2 953	2 767	2 767	2 767	1 847	2 913	3 056	3 200
Service charges - Waste Management	2	2 786	3 266	3 945	3 157	3 157	3 157	2 586	3 324	3 487	3 651
Sale of Goods and Rendering of Services		112	68	397	546	895	895	705	1 253	1 315	1 376
Agency services		390	775	185	472	472	472	11	376	394	413
Interest		–	–	–	–	–	–	–	–	–	–
Interest earned from Receivables		3 554	5 029	5 902	4 680	4 680	4 680	3 826	4 928	5 170	5 412
Interest earned from Current and Non Current Assets		158	168	59	515	515	515	7	542	569	595
Dividends		–	–	–	–	–	–	–	–	–	–

Rent on Land		19	13	13	20	20	20	9	21	22	23
Rental from Fixed Assets		184	260	206	1 735	1 735	1 735	107	1 827	1 916	2 044
Licence and permits		1	–	2	55	55	55	0	58	61	64
Operational Revenue		313	205	30	411	411	411	6	417	437	458
Non-Exchange Revenue											
Property rates	2	3 958	3 392	5 147	10 648	10 648	10 648	5 834	11 212	11 762	12 315
Surcharges and Taxes		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	300	300	300	–	316	331	347
Licences or permits		–	–	–	–	–	–	–	–	–	–
Transfer and subsidies - Operational		29 454	35 103	32 137	38 270	38 270	38 270	33 950	39 150	41 076	40 920
Interest		5	5	5	1 170	1 170	1 170	3	1 232	1 292	1 353
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		87	276	228	440	2 702	2 702	232	463	486	509
Other Gains		–	–	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**47 751**	**55 371**	**55 142**	**73 833**	**76 444**	**76 444**	**51 750**	**77 148**	**80 936**	**82 691**
Expenditure											
Employee related costs	2	29 282	31 103	29 686	33 418	32 167	32 167	23 116	34 850	36 557	38 276
Remuneration of councillors		2 788	2 988	3 795	4 634	4 634	4 634	3 213	4 634	4 861	5 090
Bulk purchases - electricity	2	-	–	–	–	–	–	–	–	–	–
Inventory consumed	8	1 539	1 437	2 230	1 340	1 845	1 845	1 449	1 394	1 462	1 531
Debt impairment	3	84	14 474	333	–	–	–	–	–	–	–
Depreciation and amortisation		45 633	7 575	5 359	9 088	9 088	9 088	–	9 569	10 038	10 510
Interest		4 024	3 915	–	–	–	–	–	–	–	–
Contracted services		614	3 614	2 501	3 748	4 610	4 610	910	5 203	5 355	5 474
Transfers and subsidies		638	221	(1 061)	1 112	1 112	1 112	486	47	49	51
Irrecoverable debts written off		4 904	10 511	11 682	12 085	12 085	12 085	–	12 725	13 349	13 976
Operational costs		4 528	9 667	10 870	7 622	9 310	9 310	2 827	8 412	8 661	9 045
Losses on disposal of Assets		–	–	–	–	–	–	–	–	–	–
Other Losses		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**94 034**	**85 505**	**65 395**	**73 047**	**74 850**	**74 850**	**32 002**	**76 834**	**80 333**	**83 953**
Surplus/(Deficit)		**(46 283)**	**(30 135)**	**(10 253)**	**786**	**1 594**	**1 594**	**19 748**	**313**	**603**	**(1 262)**
Transfers and subsidies - capital (monetary allocations)	6	8 232	13 810	6 648	16 567	16 567	16 567	13 316	21 333	23 590	24 678
Transfers and subsidies - capital (in-kind)	6	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**(38 051)**	(16 325)	(3 605)	**17 353**	**18 161**	**18 161**	33 064	**21 646**	**24 193**	**23 416**
Income Tax		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		**(38 051)**	(16 325)	(3 605)	17 353	18 161	18 161	33 064	21 646	24 193	23 416
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**(38 051)**	(16 325)	(3 605)	17 353	18 161	18 161	33 064	21 646	24 193	23 416
Share of Surplus/Deficit attributable to Associate	7	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1	**(38 051)**	**(16 325)**	**(3 605)**	**17 353**	**18 161**	**18 161**	**33 064**	**21 646**	**24 193**	**23 416**

2.6.1 Medium-term outlook: operating revenue

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

Table 28 Breakdown of the operating revenue over the medium-term SA30

NC084 !Kheis - 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
Cash Receipts By Source													1		
Property rates	648	648	648	648	648	648	648	648	648	648	648	648	7 782	8 078	8 559
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	473	473	473	473	473	473	473	473	473	473	473	473	5 681	5 942	6 249
Service charges - sanitation revenue	120	120	120	120	120	120	120	120	120	120	120	120	1 444	1 509	1 509
Service charges - refuse revenue	137	137	137	137	137	137	137	137	137	137	137	137	1 648	1 722	–
Rental of facilities and equipment	7	7	7	7	7	7	7	7	7	7	7	7	87	92	134
Interest earned - external investments	58	58	58	58	58	58	58	58	58	58	58	58	692	725	595
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	26	26	26	26	26	26	26	26	26	26	26	26	316	331	347
Licences and permits	23	23	23	23	23	23	23	23	23	23	23	23	272	285	298
Agency services	14	14	14	14	14	14	14	14	14	14	14	14	163	170	178
Transfers and Subsidies - Operational	3 176	3 176	3 176	3 176	3 176	3 176	3 176	3 176	3 176	3 176	3 176	3 176	38 107	39 985	39 779
Other revenue	283	283	283	283	283	283	283	283	283	283	283	283	3 393	3 563	3 731
Cash Receipts by Source	**4 965**	**4 965**	**4 965**	**4 965**	**4 965**	**4 965**	**4 965**	**4 965**	**4 965**	**4 965**	**4 965**	**4 965**	**59 584**	**62 403**	**61 380**
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations)	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	21 331	23 590	24 678
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on Disposal of Fixed and Intangible Assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Decrease (increase) in non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	**6 743**	**6 743**	**6 743**	**6 743**	**6 743**	**6 743**	**6 743**	**6 743**	**6 743**	**6 743**	**6 743**	**6 743**	**80 915**	**85 993**	**86 058**
Cash Payments by Type															
Employee related costs	(3 178)	(3 178)	(3 178)	(3 178)	(3 178)	(3 178)	(3 178)	(3 178)	(3 178)	(3 178)	(3 178)	(3 178)	(38 141)	(39 859)	(39 874)
Remuneration of councillors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases - Electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials	(142)	(142)	(142)	(142)	(142)	(142)	(142)	(142)	(142)	(142)	(142)	(142)	(1 703)	(1 780)	(1 780)
Contracted services	(453)	(453)	(453)	(453)	(453)	(453)	(453)	(453)	(453)	(453)	(453)	(453)	(5 438)	(5 683)	(5 683)
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	(2 676)	(2 676)	(2 676)	(2 676)	(2 676)	(2 676)	(2 676)	(2 676)	(2 676)	(2 676)	(2 676)	(2 676)	(32 110)	(33 389)	(34 439)
Cash Payments by Type	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 450)**	**(77 394)**	**(80 712)**	**(81 777)**
Other Cash Flows/Payments by Type															
Capital assets	–	–	–	–	–	–	–	–	–	–	–	(21 331)	(21 331)	(23 590)	(24 678)
Repayment of borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(6 449)**	**(27 781)**	**(98 725)**	**(104 302)**	**(106 455)**
NET INCREASE/(DECREASE) IN CASH HELD	**294**	**294**	**294**	**294**	**294**	**294**	**294**	**294**	**294**	**294**	**294**	**(21 038)**	**(17 809)**	**(18 309)**	**(20 397)**
Cash/cash equivalents at the month/year begin:	616	910	1 203	1 497	1 790	2 084	2 377	2 671	2 964	3 258	3 551	3 845	616	(17 193)	(35 502)
Cash/cash equivalents at the month/year end:	910	1 203	1 497	1 790	2 084	2 377	2 671	2 964	3 258	3 551	3 845	(17 193)	(17 193)	(35 502)	(55 899)

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 which will lead to a positive revenue collection. The municipality derives most of its operational revenue from the provision of goods and services such as water, sanitation and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, agency services, licenses and permits etc).

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

- Growth in the municipality and economic development;
- Revenue management and enhancement Strategy;
- Achievement of a high per cent annual collection rate for consumer revenue due to regular interactions with consumers;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/ calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2023/24 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over medium-term

Description	2022/23 Proposed tariff Increase
Property Rates	5.3%
Charges Water Service Charges Service	5.3%
Charges Sanitation	5.3%
Service Charges Refuse	5.3%
	5.3%

The tables below provide detail investment information and investment particulars by maturity.

Table 30 MBRR SA15 – Detail Investment Information

NC084 !Kheis - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		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
Parent municipality										
Securities - National Government		–	–	–	–	–	–	–	–	–
Listed Corporate Bonds		–	–	–	–	–	–	–	–	–
Deposits - Bank		–	–	–	331	331	331	–	–	–
Deposits - Public Investment Commissioners		–	–	–	–	–	–	–	–	–
Deposits - Corporation for Public Deposits		–	–	–	–	–	–	–	–	–
Bankers Acceptance Certificates		–	–	–	–	–	–	–	–	–
Negotiable Certificates of Deposit - Banks		–	–	–	–	–	–	–	–	–
Guaranteed Endowment Policies (sinking)		–	–	–	–	–	–	–	–	–
Repurchase Agreements - Banks		–	–	–	–	–	–	–	–	–
Municipal Bonds		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	**–**	**–**	**–**	**331**	**331**	**331**	**–**	**–**	**–**
Entities										
Securities - National Government		–	–	–	–	–	–	–	–	–
Listed Corporate Bonds		–	–	–	–	–	–	–	–	–
Deposits - Bank		–	–	–	–	–	–	–	–	–
Deposits - Public Investment Commissioners		–	–	–	–	–	–	–	–	–
Deposits - Corporation for Public Deposits		–	–	–	–	–	–	–	–	–
Bankers Acceptance Certificates		–	–	–	–	–	–	–	–	–
Negotiable Certificates of Deposit - Banks		–	–	–	–	–	–	–	–	–
Guaranteed Endowment Policies (sinking)		–	–	–	–	–	–	–	–	–
Repurchase Agreements - Banks		–	–	–	–	–	–	–	–	–
Entities sub-total		**–**	–	–	–	–	–	–	–	–
Consolidated total:		**–**	**–**	**–**	**331**	**331**	**331**	**–**	**–**	**–**

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2023/24 medium-term capital programme:

Table 31 Sources of capital revenue over the MTREF

NC084 !Kheis - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		(730)	699	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		180	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		20 172	3 217	(33)	16 567	11 988	11 988	5 191	21 331	22 090	22 878
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total		**19 622**	**3 915**	**(33)**	**16 567**	**11 988**	**11 988**	**5 191**	**21 331**	**22 090**	**22 878**
Single-year expenditure *to be appropriated*	2										
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	(394)	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		–	7 603	7 847	–	6 180	6 180	–	–	1 500	1 800
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**7 210**	**7 847**	**–**	**6 180**	**6 180**	**–**	**–**	**1 500**	**1 800**
Total Capital Expenditure - Vote	3,7	**19 622**	**11 125**	**7 814**	**16 567**	**18 168**	**18 168**	**5 191**	**21 331**	**23 590**	**24 678**
Capital Expenditure - Functional											
Governance and administration		**(730)**	**305**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Executive and council		–	–	–	–	–	–	–	–	–	–
Finance and administration		(730)	305	–	–	–	–	–	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**180**	**–**	**–**	**–**	**1 180**	**1 180**	**–**	**–**	**–**	**–**
Community and social services		180	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	1 180	1 180	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**235**	**774**	**(424)**	**–**	**421**	**421**	**–**	**–**	**–**	**–**
Planning and development		–	–	–	–	–	–	–	–	–	–

Road transport		235	774	(424)	–	421	421	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		**19 938**	**10 046**	**8 238**	**16 567**	**16 567**	**16 567**	**5 191**	**21 331**	**23 590**	**24 678**
Energy sources		–	–	–	–	–	–	–	–	1 500	1 800
Water management		5 306	–	–	5 000	5 000	5 000	–	9 450	9 875	10 315
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		14 632	10 046	8 238	11 567	11 567	11 567	5 191	11 881	12 215	12 563
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Functional	3,7	**19 622**	**11 125**	**7 814**	**16 567**	**18 168**	**18 168**	**5 191**	**21 331**	**23 590**	**24 678**
Funded by:											
National Government		19 938	10 046	8 238	16 567	16 567	16 567	5 191	21 331	23 590	24 678
Provincial Government		414	774	(774)	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**20 352**	**10 820**	**7 463**	**16 567**	**16 567**	**16 567**	**5 191**	**21 331**	**23 590**	**24 678**
Public contributions & donations	5	–	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	–	–	1 601	1 601	–	–	–	–
Total Capital Funding	7	**20 352**	**10 820**	**7 463**	**16 567**	**18 168**	**18 168**	**5 191**	**21 331**	**23 590**	**24 678**

The above table is graphically represented as follows for the 2023/24 financial year.

Capital grants and receipts equates to 100% of the total funding source which represents R21.3 million for the 2023/24 financial year.

Table 32 MBRR Table SA 18 – Capital transfers and grants receipts

NC084 !Kheis - 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		
R thousand		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
RECEIPTS:	1, 2									
- **Operating Transfers and Grants**										
National Government:		**25 352**	**30 247**	**27 602**	**37 270**	**37 270**	**37 270**	**38 107**	**39 985**	**39 779**
Operational Revenue:General Revenue:Equitable Share		25 352	30 247	27 602	33 197	33 197	33 197	35 007	36 885	36 679
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		–	–	–	1 073	1 073	1 073	–	–	–
Local Government Financial Management Grant [Schedule 5B]		–	–	–	3 000	3 000	3 000	3 100	3 100	3 100
Provincial Government:		**–**	**–**	**–**	**1 000**	**1 000**	**1 000**	**–**	**–**	**–**
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		–	–	–	1 000	1 000	1 000	–	–	–
Total Operating Transfers and Grants	5	**25 352**	**30 247**	**27 602**	**38 270**	**38 270**	**38 270**	**38 107**	**39 985**	**39 779**
Capital Transfers and Grants										

National Government:		**–**	**–**	**–**	**16 567**	**16 567**	**16 567**	**21 331**	**22 090**	**22 878**
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant [Schedule 5B]		–	–	–	11 567	11 567	11 567	11 881	12 215	12 563
Water Services Infrastructure Grant [Schedule 5B]		–	–	–	5 000	5 000	5 000	9 450	9 875	10 315
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Capacity Building		–	–	–	–	–	–	–	–	–
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
All Grants		–	–	–	–	–	–	–	–	–
Other Grant Providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Departmental Agencies and Accounts		–	–	–	–	–	–	–	–	–
Foreign Government and International Organisations		–	–	–	–	–	–	–	–	–
Households		–	–	–	–	–	–	–	–	–
Non-Profit Institutions		–	–	–	–	–	–	–	–	–
Private Enterprises		–	–	–	–	–	–	–	–	–
Public Corporations		–	–	–	–	–	–	–	–	–
Higher Educational Institutions		–	–	–	–	–	–	–	–	–
Parent Municipality / Entity		–	–	–	–	–	–	–	–	–
Transfer from Operational Revenue		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	**–**	**–**	**–**	**16 567**	**16 567**	**16 567**	**21 331**	**22 090**	**22 878**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**25 352**	**30 247**	**27 602**	**54 837**	**54 837**	**54 837**	**59 438**	**62 075**	**62 657**

2.6.3 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 councillors and management’s ability to understand the cash flow management. Some specific features include:

- Clear separation of receipts 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.

Table 33 MBRR Table – Budgeted cash flow statement

NC084 !Kheis - Table A7 Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	1	4 463	6 544	7 454	7 454	–	7 782	8 078	8 559
Service charges		–	2 361	1 537	7 445	8 394	8 394	(697)	8 774	9 173	7 758
Other revenue		(7)	1 258	924	3 576	6 187	6 187	(3 542)	4 230	4 442	4 689
Transfers and Subsidies - Operational	1	–	31 253	24 638	38 270	38 270	38 270	(30 826)	38 107	39 985	39 779
Transfers and Subsidies - Capital	1	–	19 535	9 077	16 567	16 567	16 567	(13 316)	21 331	23 590	24 678
Interest		–	0	14	658	658	658	(3)	692	725	595
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		4 649	4 207	6 528	(73 876)	(76 765)	(76 765)	(2 020)	(77 394)	(80 712)	(81 777)
Finance charges		–	–	–	–	–	–	–	–	–	–
Transfers and Subsidies	1	–	–	–	(512)	(512)	(512)	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**4 642**	**58 614**	**47 181**	**(1 329)**	**253**	**253**	**(50 404)**	**3 522**	**5 281**	**4 281**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(13 091)	(378)	(768)	–	–	–	2 497	(21 331)	(23 590)	(24 678)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(13 091)**	**(378)**	**(768)**	**–**	**–**	**–**	**2 497**	**(21 331)**	**(23 590)**	**(24 678)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		3	19	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**3**	**19**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**(8 445)**	**58 255**	**46 413**	**(1 329)**	**253**	**253**	**(47 908)**	**(17 809)**	**(18 309)**	**(20 397)**
Cash/cash equivalents at the year begin:	2	**1 947**	**1 780**	**–**	(4 810)	(4 810)	(4 810)	**–**	**616**	**(17 193)**	**(35 502)**
Cash/cash equivalents at the year end:	2	**(6 498)**	**60 035**	**46 413**	**(6 139)**	**(4 557)**	**(4 557)**	**(47 908)**	**(17 193)**	**(35 502)**	**(55 899)**

The above table shows that cash and cash equivalent of the municipality are anticipated to be comfortable for 2023/24 budgeted financial year showing a balance R17.1 million due to the anticipated decrease in outstanding debtors as a result of the measures must be taken to collect debts from consumer debtors. The municipality undertook an extensive debt collection process to boost cash levels.

These initiatives and interventions are expected to translate into positive cash flows and ultimately an improvement on the cash position for the municipality

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 123 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 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)

Table 35 MBRR Table A8 – cash backed reserves/accumulated surplus reconciliation

NC084 !Kheis - 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		
R thousand		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
Cash and investments available											
Cash/cash equivalents at the year end	1	(6 498)	60 035	46 413	(6 139)	(4 557)	(4 557)	(47 908)	(17 193)	(35 502)	(55 899)
Other current investments > 90 days		21 542	(44 229)	(46 210)	43 730	42 065	42 065	78 393	52 640	71 948	93 825
Investments - Property, plant and equipment	1	205 220	147 030	3 130	190 984	192 585	192 585	5 191	208 592	210 382	210 998
Cash and investments available:		**220 264**	**162 836**	**3 334**	**228 576**	**230 093**	**230 093**	**35 676**	**244 038**	**246 828**	**248 925**
Application of cash and investments											
Trade payables from Non-exchange transactions: Unspent conditional Grants		–	–	–	(930)	(930)	(930)	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	41 427	39 802	12 615	56 549	56 005	56 005	8 745	71 532	72 102	75 387
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		**41 427**	**39 802**	**12 615**	**55 619**	**55 075**	**55 075**	**8 745**	**71 532**	**72 102**	**75 387**
Surplus(shortfall)		**178 837**	**123 034**	**(9 282)**	**172 957**	**175 018**	**175 018**	**26 931**	**172 507**	**174 726**	**173 538**

From the above table it can be seen that the cash and investments availability total R4.5 mil in the 2022/23 financial year and increase to R 17.1 mil by 2023/24, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investment Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project.
- 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 receipts delays will have a greater requirement for working capital, as was experienced by the municipality in 2023/24 resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its financial obligations.
- The calculation of actual cash received from services had been determined at 50% as being the current collection rate of the municipality

It can be concluded that the municipality focused to have a surplus against the cash backed and accumulated surpluses reconciliation. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.4 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 essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 37 MBRR SA10 – Funding compliance measurement

NC084 !Kheis - Table A10 Basic service delivery measurement

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
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	–	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	–	–	–	–	–	–	–
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Energy:										
Electricity (at least min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–

Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		208 465	(316 019)	(97 052)	172 784	172 784	172 784	172 784	181 250	189 769
Sanitation (free minimum level service)		269 775	12 040	(15 019)	1 163 258	1 163 258	1 163 258	1 224 911	1 284 931	1 345 323
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		518 909	23 188	(15 131)	1 616 900	1 616 900	1 616 900	1 702 596	1 786 023	1 869 966
Informal Settlements		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per **indigent** household per month)		208	(316)	(97)	173	173	173	173	181	190
Sanitation (free sanitation service to **indigent households**)		270	12	(15)	1 163	1 163	1 163	1 225	1 285	1 345
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week **for indigent households**)		519	23	(15)	1 617	1 617	1 617	1 703	1 786	1 870
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided -		**997**	**(281)**	**(127)**	**2 953**	**2 953**	**2 953**	**3 100**	**3 252**	**3 405**
Highest level of free service provided per household										
Property rates (R value threshold)		–	–	–	–	–	–	–	–	–
Water (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (average litres per week)		–	–	–	–	–	–	–	–	–
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)		–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		–	–	–	601	601	601	633	664	695
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	–	–	–	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	–	–	–	–	–	–

Refuse **(in excess of one removal a week for indigent households)**		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	6	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided		**–**	**–**	**–**	**601**	**601**	**601**	**633**	**664**	**695**

2.6.4.1 Cash/ cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 22. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under financial stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been strengthening for the period 2023/24 to 2023/24.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to determine whether the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. The municipalities assessed the result of this calculation taking into consideration its own circumstances and levels of backlogs. The current outcome is a surplus, it may indicate that rates and service charges collection rates are currently insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2023/24 MTREF the indicative outcome is a surplus of R 21,6 mil. The municipality determine this through the process of offsetting depreciation against the expenditure as a non-cash item. It should also be indicated that this surplus will be funded through the capitalisation of depreciation on new assets as well revaluation of assets.

2.6.4.2 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in ‘revenue’, which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue.

2.6.4.3 Cash receipts as a percentage of ratepayers and other revenue

This factor is a macro measure of the rate at which funds are ‘collected’. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 51% for 2023/24. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.4 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It forecasted that all capital payments will be paid within the legislative requirement that creditors be paid within 30 days.

2.6.4.5 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality’s ‘own-funded’ capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital, as there are no intensions to obtain any borrowing.

Transfers/grants revenue as a percentage of Government transfers/grants available

2.6.4.6 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

2.6.4.7 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. The table above shows no change in non-current as those older than a year have been impaired.

2.6.4.8 Repairs and Maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicate insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium or long term because the revenue budget is not being protected.

Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 48 MBRR SA34C .

2.6.4.9 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/ or sustainable and future revenue is not being protected, similar to the justification for 'repairs and

maintenance' budgets. Further details in this regard are contained in Table 47 MBRR SA34b.

2.7 Expenditure on grants and reconciliation of unspent funds

Table 38 MBRR SA19 – Expenditure on transfers and grant programmes

NC084 !Kheis - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		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
EXPENDITURE:	1									
-										
Operating expenditure of Transfers and Grants										
National Government:		**3 346**	**3 956**	**4 754**	**34 550**	**34 652**	**34 652**	**36 571**	**38 211**	**39 861**
Operational Revenue:General Revenue:Equitable Share		1 298	2 627	2 043	30 468	30 579	30 579	33 471	35 111	36 761
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		585	–	680	1 073	1 073	1 073	–	–	–
Local Government Financial Management Grant [Schedule 5B]		1 110	1 328	2 031	3 009	3 000	3 000	3 100	3 100	3 100
Municipal Disaster Grant [Schedule 5B]		353	–	–	–	–	–	–	–	–
Provincial Government:		**49**	**294**	**48**	**1 201**	**1 182**	**1 182**	**1 268**	**1 330**	**1 393**
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		49	294	48	1 201	1 182	1 182	1 268	1 330	1 393
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total operating expenditure of Transfers and Grants:		**3 395**	**4 249**	**4 801**	**35 751**	**35 834**	**35 834**	**37 838**	**39 541**	**41 254**
Capital expenditure of Transfers and Grants										
National Government:		**19 938**	**10 046**	**8 238**	**16 567**	**16 567**	**16 567**	**21 331**	**23 590**	**24 678**
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		–	–	–	–	–	–	–	1 500	1 800
Municipal Infrastructure Grant [Schedule 5B]		14 632	10 225	8 472	11 567	11 567	11 567	11 881	12 215	12 563
Energy Efficiency and Demand Side Management Grant		–	–	(235)	–	–	–	–	–	–
Water Services Infrastructure Grant [Schedule 5B]		5 306	(180)	–	5 000	5 000	5 000	9 450	9 875	10 315
Provincial Government:		**414**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Capacity Building and Other		180	–	–	–	–	–	–	–	–
Infrastructure		235	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		**20 352**	**10 046**	**8 238**	**16 567**	**16 567**	**16 567**	**21 331**	**23 590**	**24 678**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		**23 747**	**14 295**	**13 039**	**52 318**	**52 401**	**52 401**	**59 169**	**63 131**	**65 932**

Table 39 MBRR SA20 – Reconciliation between of transfers, grant receipts and unspent funds

NC084 !Kheis - 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		
R thousand		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
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		(9 787)	–	–	(3 000)	(3 000)	(3 000)	–	–	–
Current year receipts		–	–	–	(4 073)	(4 073)	(4 073)	(3 100)	(3 100)	(3 100)
Conditions met - transferred to revenue		**(9 787)**	**–**	**–**	**(7 073)**	**(7 073)**	**(7 073)**	**(3 100)**	**(3 100)**	**(3 100)**
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		–	(10 123)	–	–	–	–	(11 456)	(11 456)	(11 456)
Current year receipts		–	–	–	(1 000)	(1 000)	(1 000)	–	–	–
Conditions met - transferred to revenue		**–**	**(10 123)**	**–**	**(1 000)**	**(1 000)**	**(1 000)**	**(11 456)**	**(11 456)**	**(11 456)**
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total operating transfers and grants revenue		**(9 787)**	**(10 123)**	**–**	**(8 073)**	**(8 073)**	**(8 073)**	**(14 556)**	**(14 556)**	**(14 556)**
Total operating transfers and grants - CTBM	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	–	(11 040)	(11 040)	(11 040)	–	–	–
Current year receipts		–	–	–	(16 567)	(16 567)	(16 567)	(21 331)	(22 090)	(22 878)
Conditions met - transferred to revenue		**(2 651)**	**–**	**–**	**(27 607)**	**(27 607)**	**(27 607)**	**(21 331)**	**(22 090)**	**(22 878)**
Conditions still to be met - transferred to liabilities		2 651	–	–	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–

Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total capital transfers and grants revenue		**(2 651)**	**–**	**–**	**(27 607)**	**(27 607)**	**(27 607)**	**(21 331)**	**(22 090)**	**(22 878)**
Total capital transfers and grants - CTBM	2	**2 651**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL TRANSFERS AND GRANTS REVENUE		**(12 438)**	**(10 123)**	**–**	**(35 680)**	**(35 680)**	**(35 680)**	**(35 887)**	**(36 646)**	**(37 434)**
TOTAL TRANSFERS AND GRANTS - CTBM		**2 651**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

2.8 Councillor and employee benefits

Table 40 MBRR SA22 – Summary of councillor and staff benefits

NC084 !Kheis - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		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
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		1 840	2 017	2 687	3 331	3 331	3 331	3 331	3 494	3 658
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		608	668	734	815	815	815	815	855	895
Cellphone Allowance		340	303	374	488	488	488	488	512	536
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		**2 788**	**2 988**	**3 795**	**4 634**	**4 634**	**4 634**	**4 634**	**4 861**	**5 090**
% increase	4		**7,2%**	**27,0%**	**22,1%**	**–**	**–**	**–**	**4,9%**	**4,7%**
Senior Managers of the Municipality	2									

Basic Salaries and Wages		2 969	3 078	2 546	3 062	2 050	2 050	3 184	3 340	3 497
Pension and UIF Contributions		606	415	420	527	529	529	527	553	579
Medical Aid Contributions		23	12	20	21	21	21	32	33	35
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		87	114	100	102	102	102	108	113	118
Motor Vehicle Allowance	3	786	831	716	990	636	636	1 028	1 079	1 129
Cellphone Allowance	3	60	68	56	80	56	56	86	91	95
Housing Allowances	3	–	72	42	72	–	–	–	–	–
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		**4 531**	**4 590**	**3 900**	**4 853**	**3 394**	**3 394**	**4 965**	**5 208**	**5 453**
% increase	4		**1,3%**	**(15,0%)**	**24,4%**	**(30,1%)**	**–**	**46,3%**	**4,9%**	**4,7%**
Other Municipal Staff										
Basic Salaries and Wages		17 952	18 761	18 703	20 309	20 186	20 186	20 895	21 919	22 949
Pension and UIF Contributions		2 806	2 841	2 754	2 968	2 933	2 933	3 060	3 210	3 361
Medical Aid Contributions		601	807	767	1 112	1 112	1 112	1 120	1 175	1 230
Overtime		8	7	–	32	32	32	25	26	27
Performance Bonus		821	1 596	1 259	1 692	1 682	1 682	1 741	1 827	1 912
Motor Vehicle Allowance	3	1 500	1 719	1 773	1 853	1 964	1 964	2 149	2 255	2 361
Cellphone Allowance	3	129	166	181	167	167	167	189	199	208
Housing Allowances	3	179	118	113	88	121	121	109	114	119
Other benefits and allowances	3	12	121	141	207	207	207	210	220	230
Payments in lieu of leave		633	331	95	75	307	307	321	337	352
Long service awards		111	46	–	51	51	51	54	57	60
Post-retirement benefit obligations	6	–	–	–	11	11	11	11	12	12
Sub Total - Other Municipal Staff		**24 751**	**26 513**	**25 786**	**28 565**	**28 773**	**28 773**	**29 885**	**31 349**	**32 823**
% increase	4		**7,1%**	**(2,7%)**	**10,8%**	**0,7%**	**–**	**3,9%**	**4,9%**	**4,7%**
Total Parent Municipality		**32 070**	**34 091**	**33 481**	**38 052**	**36 801**	**36 801**	**39 484**	**41 419**	**43 365**
Total Municipal Entities		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL SALARY, ALLOWANCES & BENEFITS		**32 070**	**34 091**	**33 481**	**38 052**	**36 801**	**36 801**	**39 484**	**41 419**	**43 365**
% increase	**4**		**6,3%**	**(1,8%)**	**13,7%**	**(3,3%)**	**–**	**7,3%**	**4,9%**	**4,7%**
TOTAL MANAGERS AND STAFF	**5,7**	**29 282**	**31 103**	**29 686**	**33 418**	**32 167**	**32 167**	**34 850**	**36 557**	**38 276**

Table 41 MBRR SA23 – Salaries, allowances and benefits (political office bearers/councillors/senior managers

NC084 !Kheis - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4	1	515 882	–	173 371	–	–	689 253
Chief Whip		–	–	–	–	–	–	–
Executive Mayor		1	657 459	–	205 613	–	–	863 072
Deputy Executive Mayor		–	–	–	–	–	–	–
Executive Committee		–	–	–	–	–	–	–
Total for all other councillors		–	2 157 419	–	924 500	–	–	3 081 919
Total Councillors	8	**2**	**3 330 760**	**–**	**1 303 484**			**4 634 244**
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1 064 862	21 298	396 702	–	–	1 482 862
Chief Finance Officer		1	800 151	53 564	296 853	66 679	–	1 217 248
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
List of each offical with packages >= senior manager								
Director Community services		1	827 132	16 543	306 296	–	–	1 149 971
Director Technical services		1	800 149	26 696	296 852	66 679	–	1 190 377
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
Total Senior Managers of the Municipality	8,10	**4**	**3 492 295**	**118 101**	**1 296 703**	**133 358**		**5 040 458**

A Heading for Each Entity	6,7							
List each member of board by designation								
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
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		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	**6**	**6 823 055**	**118 101**	**2 600 187**	**133 358**		**9 674 702**

Table 42 MBRR SA24 – Summary of personnel numbers

NC084 !Kheis - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2020/21			Current Year 2021/22			Budget Year 2022/23		
Number	**1,2**	**Positions**	**Permanent employees**	**Contract employees**	**Positions**	**Permanent employees**	**Contract employees**	**Positions**	**Permanent employees**	**Contract employees**
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		7	–	7	11	–	11	11	–	11
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–

Municipal employees	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	4	3	1	4	3	1	4	3	1
Other Managers	7	5	5		5	5	–	5	5	–
Professionals		*48*	*36*	*12*	*36*	*31*	*5*	*35*	*32*	*3*
Finance		27	22	5	35	30	5	34	31	3
Spatial/town planning					–	–	–	–	–	–
Information Technology		1	1		1	1	–	1	1	–
Roads					–	–	–	–	–	–
Electricity					–	–	–	–	–	–
Water					–	–	–	–	–	–
Sanitation					–	–	–	–	–	–
Refuse					–	–	–	–	–	–
Other		20	13	7	–	–	–	–	–	–
Technicians		*54*	*53*	*1*	*48*	*50*	–	*45*	*45*	–
Finance		–	–	–	–	–	–	–	–	–
Spatial/town planning		1	1		–	–	–	–	–	–
Information Technology					–	–	–	–	–	–
Roads					–	–	–	–	–	–
Electricity		1	1		1	1	–	1	1	–
Water		26	26		25	25	–	25	25	–
Sanitation		7	6	1	5	5	–	4	4	–
Refuse		14	14		9	11	–	7	7	–
Other		5	5		8	8	–	8	8	–
Clerks (Clerical and administrative)		20	19	1	32	32	–	32	32	–
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		–	–	–	–	–	–	–	–	–
Elementary Occupations		–	–	–	–	–	–	–	–	–
TOTAL PERSONNEL NUMBERS	9	**138**	**116**	**22**	**136**	**121**	**17**	**132**	**117**	**15**
% increase					(1,4%)	4,3%	(22,7%)	(2,9%)	(3,3%)	(11,8%)
Total municipal employees headcount	6, 10	–	–	–	–	–	–	–	–	–
Finance personnel headcount	8, 10	–	–	–	–	–	–	–	–	–
Human Resources personnel headcount	8, 10	–	–	–	–	–	–	–	–	–

2.9 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium- term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget and Treasury Office.

2.10 Capital expenditure details

Table 43 MBRR SA35 – Future Financial implications of capital budget

NC084 !Kheis - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2022/23 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Present value
Capital expenditure	1							
Vote 1 - MUNICIPAL MANAGER		–	–	–				
Vote 2 - CORPORATE SERVICE		–	–	–				
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	–	–				
Vote 4 - COMMUNITY SERVICES		–	–	–				
Vote 5 - TECHNICAL SERVICES		16,567	23,333	24,183				
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–				
Vote 7 - STRATEGIC PLANNING		–	–	–				
List entity summary if applicable								
Total Capital Expenditure		**16,567**	**23,333**	**24,183**	**–**	**–**	**–**	**–**
Future operational costs by vote	2							
Vote 1 - MUNICIPAL MANAGER		2,710	2,829	2,956				
Vote 2 - CORPORATE SERVICE		6,560	6,149	6,043				
Vote 3 - FINANCIAL MANAGEMENT SERVICES		26,714	27,834	29,145				
Vote 4 - COMMUNITY SERVICES		5,057	5,280	5,404				
Vote 5 - TECHNICAL SERVICES		6,669	1,303	950				
Vote 6 - EXECUTIVE AND COUNCIL		7,886	8,233	8,604				
Vote 7 - STRATEGIC PLANNING		884	923	964				
Total future operational costs		56,480	52,551	54,067	–	–	–	–
Future revenue by source	3							
Property rates		10,648	11,117	11,617				
Service charges - electricity revenue		–	–	–				
Service charges - water revenue		8,648	9,028	9,435				
Service charges - sanitation revenue		2,767	2,888	3,018				
Service charges - refuse revenue		3,157	3,296	3,444				
Service charges - other		–	–	–				
Rental of facilities and equipment		1,735	1,662	1,893				

Interest earned - external investments		515	537	562				
Interest earned - outstanding debtors		5,850	6,107	6,382				
Dividends received		–	–	–				
Fines, penalties and forfeits		300	313	327				
Licences and permits		55	58	60				
Agency services		472	493	515				
Transfers and subsidies		38,270	39,068	40,988				
Other revenue		977	1,020	1,066				
Gains		440	459	480				
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		16,567	23,333	24,183				
Total future revenue		90,400	99,380	103,970	–	–	–	–
Net Financial Implications		**(17,353)**	**(23,495)**	**(25,720)**	–	–	–	–

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

Table 44 MBRR SA34e – Capital expenditure on upgrading of existing assets by asset class

NC084 !Kheis - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
- **Infrastructure**		**14 304**	**19 442**	**8 412**	**6 562**	**6 258**	**6 258**	**5 600**	**9 450**	**9 875**
Roads Infrastructure		3 749	235	774	600	600	600	600	–	–
Roads		–	–	–	600	600	600	–	–	–
Road Structures		3 749	235	774	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		7 936	4 576	5 177	5 962	5 658	5 658	5 000	9 450	9 875
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		–	–	–	–	–	–	–	–	–
Reservoirs		–	–	303	–	39	39	–	–	–
Pump Stations		–	–	–	–	–	–	–	–	–
Water Treatment Works		7 936	4 576	–	5 000	2 500	2 500	5 000	9 450	9 875
Bulk Mains		–	–	4 874	962	3 119	3 119	–	–	–
Sanitation Infrastructure		2 620	14 632	2 461	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–	–	–
Reticulation		2 620	14 632	2 461	–	–	–	–	–	–

Community Assets		**–**	**–**	**(394)**	**–**	**–**	**–**	**–**	**–**	**–**
Community Facilities		–	–	(394)	–	–	–	–	–	–
Halls		–	–	–	–	–	–	–	–	–
Libraries		–	–	(394)	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on upgrading of existing assets	1	**14 304**	**19 442**	**8 019**	**6 562**	**6 258**	**6 258**	**5 000**	**9 450**	**9 875**

Table 45 MBRR SA35 – Future financial implications of the capital budget

NC084 !Kheis - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2022/23 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Present value
Capital expenditure	1							
Vote 1 - MUNICIPAL MANAGER		–	–	–				
Vote 2 - CORPORATE SERVICE		–	–	–				
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	–	–				
Vote 4 - COMMUNITY SERVICES		–	–	–				
Vote 5 - TECHNICAL SERVICES		16 567	23 333	24 183				
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–				
Vote 7 - STRATEGIC PLANNING		–	–	–				
Total Capital Expenditure		**16 567**	**23 333**	**24 183**	**–**	**–**	**–**	**–**
Future operational costs by vote	2							
Vote 1 - MUNICIPAL MANAGER		2 710	2 829	2 956				
Vote 2 - CORPORATE SERVICE		6 560	6 149	6 043				
Vote 3 - FINANCIAL MANAGEMENT SERVICES		26 714	27 834	29 145				
Vote 4 - COMMUNITY SERVICES		5 057	5 280	5 404				
Vote 5 - TECHNICAL SERVICES		6 669	1 303	950				
Vote 6 - EXECUTIVE AND COUNCIL		7 886	8 233	8 604				
Vote 7 - STRATEGIC PLANNING		884	923	964				
Total future operational costs		56 480	52 551	54 067	–	–	–	–
Future revenue by source	3							
Property rates		10 648	11 117	11 617				
Service charges - electricity revenue		–	–	–				
Service charges - water revenue		8 648	9 028	9 435				
Service charges - sanitation revenue		2 767	2 888	3 018				
Service charges - refuse revenue		3 157	3 296	3 444				
Service charges - other		–	–	–				
Rental of facilities and equipment		1 735	1 662	1 893				
Interest earned - external investments		515	537	562				
Interest earned - outstanding debtors		5 850	6 107	6 382				
Dividends received		–	–	–				
Fines, penalties and forfeits		300	313	327				

Licences and permits		55	58	60				
Agency services		472	493	515				
Transfers and subsidies		38 270	39 068	40 988				
Other revenue		977	1 020	1 066				
Gains		440	459	480				
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		16 567	23 333	24 183				
Total future revenue		90 400	99 380	103 970	–	–	–	–
Net Financial Implications		**(17 353)**	**(23 495)**	**(25 720)**	**–**	**–**	**–**	**–**

Table 46 MBRR SA36 – Detailed capital budget per municipal vote

NC084 !Kheis - Supporting Table SA36 Detailed capital budget

R thousand									2022/23 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Project Number	Type	Ward Location	GPS Longitude	GPS Lattitude	Audited Outcome 2020/21	Current Year 2021/22 Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Parent municipality:											
List all capital projects grouped by Function											
Upgrading of bulk water supply - Topline			Upgrading	Ward 2					5 000	9 450	9 450
Constuction of sewer reticulation, pump station and rising main to oxidation ponds in Wegdraai			New	Ward 3					11 567	11 883	12 218
Integrated National Electrification municipal grant			New	All towns						2 000	2 090
Intergrated National Electrification Programme (Eskom) Grant			New	All towns						345	8 338
Parent Capital expenditure							–	–	16 567	23 678	32 096
Entities:											
List all capital projects grouped by Entity											
Entity A											
Water project A											
Entity B											
Electricity project B											
Entity Capital expenditure							–	–	–	–	–
Total Capital expenditure							–	–	16 567	23 678	32 096

2.11 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 had been a challenge for the municipality with the raw data not aligning with the actual expenditure on the data strings for mSCOA since the turn of the year. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes quarterly 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 Office, as well as other divisions in the finance department. There are currently no vacancies for financial internship. The current interns had only be appointed during February 2016, after the former interns had been permanently employed in the finance department. At November 2015 five financial interns successfully completed their internship and had been permanently appointed in the financial department.

3. **Budget and Treasury Office**

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

4. **Audit Committee**

The Audit Committee had been established

5. **Annual Report**

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

6. **MFMA Training**

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

7. **Policies**

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette

33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

The municipality's Property Rates Policy has also been reviewed to take into account views from stakeholders and other similar Forums. Other budget related policies in existence include the following:

- Budget Policy;
- Indigents Policy.
- Tariff Policy
- Credit Control and Debt Collection Policy
- Asset Management Policy
- Contract Management Policy
- Cost Containment Policy
- Financial Code Policy
- Cash Management and Investment Policy; and
- Borrowing Policy

2.12 Other supporting documents

Table 47 MBRR SA1 – Supporting detail to budgeted financial performance

NC084 !Kheis - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		4,996	3,958	3,392	11,212	14,212	14,212	4,857	11,249	11,744	12,273
less Revenue Foregone ***(exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)***		(896)	–	–	574	574	574	–	601	628	656
Net Property Rates		**5,892**	**3,958**	**3,392**	**10,638**	**13,638**	**13,638**	**4,857**	**10,648**	**11,117**	**11,617**
Service charges - electricity revenue	6										
Service charges - water revenue	6										
Total Service charges - water revenue		4,179	4,707	3,978	7,899	8,462	8,462	3,935	8,821	9,209	9,623
less Cost of Free Basic Services (6 kilolitres per indigent household per month)		99	208	(316)	335	335	335	(91)	173	180	189
Net Service charges - water revenue		**4,080**	**4,498**	**4,294**	**7,564**	**8,126**	**8,126**	**4,026**	**8,648**	**9,028**	**9,435**
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		2,183	2,501	2,528	3,435	3,772	3,772	2,891	3,930	4,103	4,287
less Cost of Free Basic Services (free sanitation service to indigent households)		55	270	12	435	435	435	(562)	1,163	1,214	1,269
Net Service charges - sanitation revenue		**2,128**	**2,232**	**2,516**	**2,999**	**3,337**	**3,337**	**3,453**	**2,767**	**2,888**	**3,018**
Service charges - refuse revenue	6										
Total refuse removal revenue		2,714	3,305	3,289	4,330	4,555	4,555	2,218	4,774	4,984	5,208

less Cost of Free Basic Services (removed once a week to indigent households)		81	519	23	838	838	838	(1,543)	1,617	1,688	1,764
Net Service charges - refuse revenue		**2,633**	**2,786**	**3,266**	**3,493**	**3,718**	**3,718**	**3,761**	**3,157**	**3,296**	**3,444**
Other Revenue by source											
Rent on Land		(11)	19	13	43	43	43	13	20	21	21
Operational Revenue		406	313	205	361	361	361	3	411	429	449
Sales of Goods and Rendering of Services		84	112	110	961	961	961	321	546	570	596
Total 'Other' Revenue	1	**479**	**444**	**329**	**1,366**	**1,366**	**1,366**	**337**	**977**	**1,020**	**1,066**
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	22,294	20,921	21,839	21,836	21,857	21,857	19,540	23,370	24,399	25,496
Pension and UIF Contributions		2,379	3,411	3,256	3,335	3,331	3,331	2,907	3,495	3,593	3,813
Medical Aid Contributions		290	624	819	996	1,028	1,028	724	1,133	1,182	1,236
Overtime		15	8	7	32	32	32	–	32	33	35
Performance Bonus		2,397	909	1,710	1,754	1,674	1,674	1,391	1,795	1,814	1,958
Motor Vehicle Allowance		3,548	2,286	2,550	2,768	2,636	2,636	2,285	2,843	2,968	3,101
Cellphone Allowance		210	189	235	256	265	265	216	247	258	270
Housing Allowances		394	179	190	187	196	196	146	160	167	174
Other benefits and allowances		1	12	121	172	191	191	130	207	216	226
Payments in lieu of leave		954	633	331	125	125	125	53	75	82	85
Long service awards		–	111	46	51	51	51	–	51	53	56
Post-retirement benefit obligations	4	–	–	–	11	11	11	–	11	12	12
sub-total	5	**32,479**	**29,282**	**31,103**	**31,523**	**31,397**	**31,397**	**27,392**	**33,418**	**34,776**	**36,462**
Less: Employees costs capitalised to PPE		–	–	–	–	–	–	–	–	–	–
Total Employee related costs	1	**32,479**	**29,282**	**31,103**	**31,523**	**31,397**	**31,397**	**27,392**	**33,418**	**34,776**	**36,462**
Contributions recognised - capital											
Total Contributions recognised - capital		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		9,494	45,633	9,656	5,295	9,783	9,783	–	9,088	9,922	9,695
Total Depreciation & asset impairment	1	**9,494**	**45,633**	**9,656**	**5,295**	**9,783**	**9,783**	**–**	**9,088**	**9,922**	**9,695**
Bulk purchases											
Electricity Bulk Purchases		176	–	–	–	–	–	–	–	–	–
Total bulk purchases	1	**176**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfers and grants											
Cash transfers and grants		(913)	638	220	417	417	417	330	1,112	1,161	1,213
Non-cash transfers and grants		8	–	2	–	–	–	–	–	–	–
Total transfers and grants	1	**(906)**	**638**	**221**	**417**	**417**	**417**	**330**	**1,112**	**1,161**	**1,213**
Contracted services											
Outsourced Services		(1,373)	27	448	491	461	461	22	236	246	257
Consultants and Professional Services		2,044	240	2,630	3,421	3,451	3,451	2,145	2,965	2,030	2,121
Contractors		1,189	347	232	1,059	1,090	1,090	95	547	571	597
sub-total	1	**1,860**	**614**	**3,311**	**4,971**	**5,002**	**5,002**	**2,261**	**3,748**	**2,847**	**2,976**
Allocations to organs of state:											

Total contracted services		**1,860**	**614**	**3,311**	**4,971**	**5,002**	**5,002**	**2,261**	**3,748**	**2,847**	**2,976**
Other Expenditure By Type	-										
Collection costs		–	–	–	–	100	100	100	105	109	114
Audit fees		574	16	1,094	75	75	75	–	79	82	86
General expenses	3										
Operating Leases		7	–	63	417	417	417	42	252	263	275
Operational Cost		9,144	4,512	8,335	5,822	7,198	7,198	4,171	7,187	7,870	7,728
Total 'Other' Expenditure	1	**9,725**	**4,529**	**9,492**	**6,315**	**7,790**	**7,790**	**4,313**	**7,622**	**8,325**	**8,203**

Repairs and Maintenance by Expenditure Item	8										
Other materials		–	13	–	–	–	–	–	–	–	–
Contracted Services		1,183	(54)	169	1,113	1,144	1,144	111	553	578	604
Other Expenditure		7	–	63	377	377	377	42	210	219	229
Total Repairs and Maintenance Expenditure	9	1,190	(41)	232	1,490	1,521	1,521	153	763	797	833

Inventory Consumed										
Inventory Consumed - Other	(16,285)	(425,324)	(322,318)	(365,662)	(367,287)	(367,287)	(25,828)	(429,456)	(438,079)	(441,220)
Total Inventory Consumed & Other Material	**(16,285)**	**(425,324)**	**(322,318)**	**(365,662)**	**(367,287)**	**(367,287)**	**(25,828)**	**(429,456)**	**(438,079)**	**(441,220)**

Table 48 MBRR SA3 – Supporting detail to statement of financial position

NC084 !Kheis - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS											
Call investment deposits											
Call deposits		3	–	–	331	331	331	–	546	555	565
Total Call investment deposits	2	**3**	**–**	**–**	**331**	**331**	**331**	**–**	**546**	**555**	**565**
Consumer debtors											
Consumer debtors		(4,150)	33,499	45,528	90,673	94,798	94,798	16,271	140,400	142,257	144,549
Less: Provision for debt impairment		9,349	(6,222)	(6,222)	(26,041)	(26,041)	(26,041)	–	(26,041)	(26,041)	(26,041)
Total Consumer debtors	2	**5,199**	**27,277**	**39,306**	**64,632**	**68,757**	**68,757**	**16,271**	**114,359**	**116,216**	**118,508**
Debt impairment provision											
Balance at the beginning of the year		–	(1,318)	(6,222)	(26,041)	(26,041)	(26,041)	–	(26,041)	(26,041)	(26,041)
Contributions to the provision		9,349	(4,904)	–	–	–	–	–	–	–	–
Balance at end of year		**9,349**	**(6,222)**	**(6,222)**	**(26,041)**	**(26,041)**	**(26,041)**	**–**	**(26,041)**	**(26,041)**	**(26,041)**
Inventory											
Water											
Authorised Consumption	6	–	–	–	–	–	–	–	–	–	–
Billed Authorised Consumption		–	–	–	–	–	–	–	–	–	–
Billed Metered Consumption		–	–	–	–	–	–	–	–	–	–

Billed Unmetered Consumption		–	–	–	–	–	–	–	–	–	–
UnBilled Authorised Consumption		–	–	–	–	–	–	–	–	–	–
Water Losses		–	–	–	–	–	–	–	–	–	–
Apparent losses		–	–	–	–	–	–	–	–	–	–
Real losses		–	–	–	–	–	–	–	–	–	–
Non-revenue Water		–	–	–	–	–	–	–	–	–	–
Closing Balance Water		–	–	–	–	–	–	–	–	–	–
Agricultural											
Closing balance - Agricultural		–	–	–	–	–	–	–	–	–	–
Consumables											
Standard Rated											
Closing balance - Consumables Standard Rated		–	–	–	–	–	–	–	–	–	–
Zero Rated											
Closing balance - Consumables Zero Rated		–	–	–	–	–	–	–	–	–	–
Finished Goods											
Opening Balance		–	(108)	(267)	(267)	(267)	(267)	(267)	185	185	185
Acquisitions		(108)	(159)	–	–	–	–	–	–	–	–
Closing balance - Finished Goods		(108)	(267)	(267)	(267)	(267)	(267)	(267)	185	185	185
Materials and Supplies											
Closing balance - Materials and Supplies		–	–	–	–	–	–	–	–	–	–
Work-in-progress											
Closing balance - Work-in-progress		–	–	–	–	–	–	–	–	–	–
Housing Stock											
Closing Balance - Inventory & Consumables		(108)	(267)	(267)	(267)	(267)	(267)	(267)	185	185	185
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		9,656	383,349	267,817	287,626	285,126	285,126	7,793	301,693	308,459	309,309
Less: Accumulated depreciation		(8,916)	(178,129)	(112,955)	(97,133)	(101,621)	(101,621)	–	(110,709)	(111,543)	(111,316)
Total Property, plant and equipment (PPE)	2	740	205,220	154,862	190,493	183,505	183,505	7,793	190,984	196,916	197,993
LIABILITIES											
Current liabilities - Borrowing											
Current portion of long-term liabilities		906	(4,013)	(4,013)	2,391	2,391	2,391	–	2,391	2,391	2,391
Total Current liabilities - Borrowing		906	(4,013)	(4,013)	2,391	2,391	2,391	–	2,391	2,391	2,391
Trade and other payables											
Trade Payables		42,928	26,728	28,234	30,738	38,334	38,334	1,610	50,978	50,723	50,906
Other Creditors		–	–	–	(417)	(417)	(417)	–	(930)	(458)	(460)
Unspent conditional transfers		6,607	10,190	11,997	14,040	14,040	14,040	–	14,040	12,996	12,949
VAT		1,430	14,698	15,194	13,404	13,404	13,404	1,763	13,404	13,404	13,404
Total Trade and other payables	2	50,965	51,616	55,425	57,764	65,360	65,360	3,373	77,492	76,664	76,798
Non current liabilities - Borrowing											

Borrowing	4	–	1,560	1,560	1,621	1,621	1,621	–	1,621	1,621	1,621
Total Non current liabilities - Borrowing		**–**	**1,560**	**1,560**	**1,621**	**1,621**	**1,621**	**–**	**1,621**	**1,621**	**1,621**
Provisions - non-current											
List other major provision items											
Other		119	1,742	722	404	404	404	–	404	404	404
Total Provisions - non-current		**119**	**1,742**	**722**	**404**	**404**	**404**	**–**	**404**	**404**	**404**
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		–	141,462	146,328	159,044	159,044	159,044	–	177,335	177,335	177,335
GRAP adjustments		(37,728)	14,027	(130)	–	–	–	–	–	–	–
Restated balance		(37,728)	155,489	146,198	159,044	159,044	159,044	–	177,335	177,335	177,335
Surplus/(Deficit)		(1,813)	(38,052)	(341)	26,457	26,457	26,457	–	27,727	28,947	30,250
Transfers to/from Reserves		6	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	**(39,534)**	**117,437**	**145,857**	**185,501**	**185,501**	**185,501**	**–**	**205,063**	**206,283**	**207,585**
Reserves	-										
Capital replacement		(6)	–	–	–	–	–	–	–	–	–
Employee Benefit Reserve		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	**(6)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL COMMUNITY WEALTH/EQUITY	2	**(39,540)**	**117,437**	**145,857**	**185,501**	**185,501**	**185,501**	**–**	**205,063**	**206,283**	**207,585**

Table 48 MBRR SA3 – Supporting detail to statement of financial position

NC084 !Kheis - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS											
Call investment deposits											
Call deposits		3	–	–	331	331	331	–	546	555	565
Total Call investment deposits	2	**3**	**–**	**–**	**331**	**331**	**331**	**–**	**546**	**555**	**565**
Consumer debtors											
Consumer debtors		(4,150)	33,499	45,528	90,673	94,798	94,798	16,271	140,400	142,257	144,549
Less: Provision for debt impairment		9,349	(6,222)	(6,222)	(26,041)	(26,041)	(26,041)	–	(26,041)	(26,041)	(26,041)
Total Consumer debtors	2	**5,199**	**27,277**	**39,306**	**64,632**	**68,757**	**68,757**	**16,271**	**114,359**	**116,216**	**118,508**
Debt impairment provision											
Balance at the beginning of the year		–	(1,318)	(6,222)	(26,041)	(26,041)	(26,041)	–	(26,041)	(26,041)	(26,041)
Contributions to the provision		9,349	(4,904)	–	–	–	–	–	–	–	–
Balance at end of year		**9,349**	**(6,222)**	**(6,222)**	**(26,041)**	**(26,041)**	**(26,041)**	**–**	**(26,041)**	**(26,041)**	**(26,041)**
Inventory											
Water											
Authorised Consumption	6	–	–	–	–	–	–	–	–	–	–
Billed Authorised Consumption		–	–	–	–	–	–	–	–	–	–
Billed Metered Consumption		–	–	–	–	–	–	–	–	–	–
Billed Unmetered Consumption		–	–	–	–	–	–	–	–	–	–
UnBilled Authorised Consumption		–	–	–	–	–	–	–	–	–	–
Water Losses		–	–	–	–	–	–	–	–	–	–
Apparent losses		–	–	–	–	–	–	–	–	–	–

Real losses		–	–	–	–	–	–	–	–	–	–
Non-revenue Water		–	–	–	–	–	–	–	–	–	–
Closing Balance Water		–	–	–	–	–	–	–	–	–	–
Agricultural											
Closing balance - Agricultural		–	–	–	–	–	–	–	–	–	–
Consumables											
Standard Rated											
Closing balance - Consumables Standard Rated		–	–	–	–	–	–	–	–	–	–
Zero Rated											
Closing balance - Consumables Zero Rated		–	–	–	–	–	–	–	–	–	–
Finished Goods											
Opening Balance		–	(108)	(267)	(267)	(267)	(267)	(267)	185	185	185
Acquisitions		(108)	(159)	–	–	–	–	–	–	–	–
Closing balance - Finished Goods		(108)	(267)	(267)	(267)	(267)	(267)	(267)	185	185	185
Materials and Supplies											
Housing Stock											
Closing Balance - Inventory & Consumables		(108)	(267)	(267)	(267)	(267)	(267)	(267)	185	185	185
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		9,656	383,349	267,817	287,626	285,126	285,126	7,793	301,693	308,459	309,309
Less: Accumulated depreciation		(8,916)	(178,129)	(112,955)	(97,133)	(101,621)	(101,621)	–	(110,709)	(111,543)	(111,316)
Total Property, plant and equipment (PPE)	2	740	205,220	154,862	190,493	183,505	183,505	7,793	190,984	196,916	197,993
LIABILITIES											
Current liabilities - Borrowing											
Current portion of long-term liabilities		906	(4,013)	(4,013)	2,391	2,391	2,391	–	2,391	2,391	2,391
Total Current liabilities - Borrowing		906	(4,013)	(4,013)	2,391	2,391	2,391	–	2,391	2,391	2,391
Trade and other payables											

Trade Payables		42,928	26,728	28,234	30,738	38,334	38,334	1,610	50,978	50,723	50,906
Other Creditors		–	–	–	(417)	(417)	(417)	–	(930)	(458)	(460)
Unspent conditional transfers		6,607	10,190	11,997	14,040	14,040	14,040	–	14,040	12,996	12,949
VAT		1,430	14,698	15,194	13,404	13,404	13,404	1,763	13,404	13,404	13,404
Total Trade and other payables	2	**50,965**	**51,616**	**55,425**	**57,764**	**65,360**	**65,360**	**3,373**	**77,492**	**76,664**	**76,798**
Non current liabilities - Borrowing											
Borrowing	4	–	1,560	1,560	1,621	1,621	1,621	–	1,621	1,621	1,621
Total Non current liabilities - Borrowing		**–**	**1,560**	**1,560**	**1,621**	**1,621**	**1,621**	**–**	**1,621**	**1,621**	**1,621**
Provisions - non-current											
List other major provision items											
Other		119	1,742	722	404	404	404	–	404	404	404
Total Provisions - non-current		**119**	**1,742**	**722**	**404**	**404**	**404**	**–**	**404**	**404**	**404**
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		–	141,462	146,328	159,044	159,044	159,044	–	177,335	177,335	177,335
GRAP adjustments		(37,728)	14,027	(130)	–	–	–	–	–	–	–
Restated balance		(37,728)	155,489	146,198	159,044	159,044	159,044	–	177,335	177,335	177,335
Surplus/(Deficit)		(1,813)	(38,052)	(341)	26,457	26,457	26,457	–	27,727	28,947	30,250
Transfers to/from Reserves		6	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	**(39,534)**	**117,437**	**145,857**	**185,501**	**185,501**	**185,501**	**–**	**205,063**	**206,283**	**207,585**
Reserves	-										
Capital replacement		(6)	–	–	–	–	–	–	–	–	–
Total Reserves	2	**(6)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL COMMUNITY WEALTH/EQUITY	2	**(39,540)**	**117,437**	**145,857**	**185,501**	**185,501**	**185,501**	**–**	**205,063**	**206,283**	**207,585**

Table 49 MBRR SA25 - Budgeted monthly revenue and expenditure

NC084 !Kheis - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source	-															
Property rates		887	887	887	887	887	887	887	887	887	887	887	887	10,648	11,117	11,617
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		721	721	721	721	721	721	721	721	721	721	721	721	8,648	9,028	9,435
Service charges - sanitation revenue		231	231	231	231	231	231	231	231	231	231	231	231	2,767	2,888	3,018
Service charges - refuse revenue		263	263	263	263	263	263	263	263	263	263	263	263	3,157	3,296	3,444
Rental of facilities and equipment		145	145	145	145	145	145	145	145	145	145	145	145	1,735	1,662	1,893
Interest earned - external investments		43	43	43	43	43	43	43	43	43	43	43	43	515	537	562
Interest earned - outstanding debtors		488	488	488	488	488	488	488	488	488	488	488	488	5,850	6,107	6,382
Fines, penalties and forfeits		25	25	25	25	25	25	25	25	25	25	25	25	300	313	327
Licences and permits		5	5	5	5	5	5	5	5	5	5	5	5	55	58	60
Agency services		39	39	39	39	39	39	39	39	39	39	39	39	472	493	515
Transfers and subsidies		3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	38,270	39,068	40,988
Other revenue		81	81	81	81	81	81	81	81	81	81	81	82	977	1,020	1,066
Gains		37	37	37	37	37	37	37	37	37	37	37	37	440	459	480
Total Revenue (excluding capital transfers and contributions)		**6,153**	**6,153**	**6,153**	**6,153**	**6,153**	**6,153**	**6,153**	**6,153**	**6,153**	**6,153**	**6,153**	**6,153**	**73,833**	**76,047**	**79,787**
Expenditure By Type	-															
Employee related costs		2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	33,418	34,776	36,462
Remuneration of councillors		386	386	386	386	386	386	386	386	386	386	386	386	4,634	4,838	5,056
Debt impairment		1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	12,085	12,616	13,184
Depreciation & asset impairment		757	757	757	757	757	757	757	757	757	757	757	757	9,088	9,922	9,695
Other materials		112	112	112	112	112	112	112	112	112	112	112	112	1,340	1,399	1,462
Contracted services		312	312	312	312	312	312	312	312	312	312	312	313	3,748	2,847	2,976

Transfers and subsidies		93	93	93	93	93	93	93	93	93	93	93	93	1,112	1,161	1,213
Other expenditure		635	635	635	635	635	635	635	635	635	635	635	636	7,622	8,325	8,203
Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,089**	**73,047**	**75,884**	**78,250**
Surplus/(Deficit)		**66**	**66**	**66**	**66**	**66**	**66**	**66**	**66**	**66**	**66**	**66**	**64**	**786**	**162**	**1,537**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	16,567	23,333	24,183
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,444**	**17,353**	**23,495**	**25,720**
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,444**	**17,353**	**23,495**	**25,720**

Table 50 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC084 !Kheis - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote	-															
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		7,450	7,450	7,450	7,450	7,450	7,450	7,450	7,450	7,450	7,450	7,450	7,450	89,400	98,336	102,879
Vote 4 - COMMUNITY SERVICES		83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,044	1,091
Vote 5 - TECHNICAL SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,534**	**90,400**	**99,380**	**103,970**
Expenditure by Vote to be appropriated	-															
Vote 1 - MUNICIPAL MANAGER		226	226	226	226	226	226	226	226	226	226	226	226	2,710	2,829	2,956
Vote 2 - CORPORATE SERVICE		547	547	547	547	547	547	547	547	547	547	547	547	6,560	6,149	6,043
Vote 3 - FINANCIAL MANAGEMENT SERVICES		2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	26,714	27,834	29,145
Vote 4 - COMMUNITY SERVICES		421	421	421	421	421	421	421	421	421	421	421	422	5,057	5,280	5,404
Vote 5 - TECHNICAL SERVICES		1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,937	23,236	24,636	25,133
Vote 6 - EXECUTIVE AND COUNCIL		657	657	657	657	657	657	657	657	657	657	657	657	7,886	8,233	8,604
Vote 7 - STRATEGIC PLANNING		74	74	74	74	74	74	74	74	74	74	74	74	884	923	964
Total Expenditure by Vote		**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,089**	**73,047**	**75,884**	**78,250**
Surplus/(Deficit) before assoc.		**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,444**	**17,353**	**23,495**	**25,720**
Surplus/(Deficit)	1	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,444**	**17,353**	**23,495**	**25,720**

Table 51 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC084 !Kheis - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional	-															
Governance and administration		**5,677**	**5,677**	**5,677**	**5,677**	**5,677**	**5,677**	**5,677**	**5,677**	**5,677**	**5,677**	**5,677**	**5,677**	**68,122**	**71,012**	**74,326**
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		5,677	5,677	5,677	5,677	5,677	5,677	5,677	5,677	5,677	5,677	5,677	5,677	68,122	71,012	74,326
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**83**	**83**	**83**	**83**	**83**	**83**	**83**	**83**	**83**	**83**	**83**	**83**	**1,001**	**1,045**	**1,092**
Community and social services		83	83	83	83	83	83	83	83	83	83	83	83	1,001	1,045	1,092
Economic and environmental services		**64**	**64**	**64**	**64**	**64**	**64**	**64**	**64**	**64**	**64**	**64**	**64**	**772**	**806**	**842**
Road transport		64	64	64	64	64	64	64	64	64	64	64	64	772	806	842
Trading services		**1,709**	**1,709**	**1,709**	**1,709**	**1,709**	**1,709**	**1,709**	**1,709**	**1,709**	**1,709**	**1,709**	**1,709**	**20,505**	**26,517**	**27,710**
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	2,000	2,090
Water management		1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	13,047	17,851	18,654
Waste water management		231	231	231	231	231	231	231	231	231	231	231	231	2,776	2,898	3,028
Waste management		390	390	390	390	390	390	390	390	390	390	390	390	4,683	3,768	3,938
Total Revenue - Functional		**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,533**	**7,534**	**90,400**	**99,380**	**103,970**
Expenditure - Functional	-															
Governance and administration		**4,321**	**4,321**	**4,321**	**4,321**	**4,321**	**4,321**	**4,321**	**4,321**	**4,321**	**4,321**	**4,321**	**4,322**	**51,853**	**53,320**	**55,457**
Executive and council		882	882	882	882	882	882	882	882	882	882	882	883	10,589	11,055	11,552
Finance and administration		3,439	3,439	3,439	3,439	3,439	3,439	3,439	3,439	3,439	3,439	3,439	3,440	41,265	42,265	43,905
Community and public safety		**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**1,201**	**1,254**	**1,310**
Community and social services		100	100	100	100	100	100	100	100	100	100	100	100	1,201	1,254	1,310

Economic and environmental services		89	89	89	89	89	89	89	89	89	89	89	89	1,063	1,109	1,046
Planning and development		74	74	74	74	74	74	74	74	74	74	74	74	884	923	964
Road transport		15	15	15	15	15	15	15	15	15	15	15	15	179	186	81
Trading services		1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	18,931	20,201	20,436
Energy sources		197	197	197	197	197	197	197	197	197	197	197	197	2,359	2,463	2,574
Water management		738	738	738	738	738	738	738	738	738	738	738	738	8,860	9,452	9,678
Waste water management		353	353	353	353	353	353	353	353	353	353	353	354	4,241	4,428	4,627
Waste management		289	289	289	289	289	289	289	289	289	289	289	289	3,471	3,858	3,558
Total Expenditure - Functional		**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,087**	**6,089**	**73,047**	**75,884**	**78,250**
Surplus/(Deficit) before assoc.		**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,444**	**17,353**	**23,495**	**25,720**
Surplus/(Deficit)	1	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,446**	**1,444**	**17,353**	**23,495**	**25,720**

Table 52 MBRR SA28 - Budgeted monthly capital expenditure (municipal)

NC084 !Kheis - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
***Multi-year expenditure** to be appropriated*	1															
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	16,567	23,333	24,183
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	2	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**16,567**	**23,333**	**24,183**
***Single-year expenditure** to be appropriated*																
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure	2	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**1,381**	**16,567**	**23,333**	**24,183**

Table 53 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC084 !Kheis - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital Expenditure - Functional	1															
Governance and administration		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	16,567	23,333	24,183
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	2,000	2,090
Water management		417	417	417	417	417	417	417	417	417	417	417	417	5,000	9,450	9,875
Waste management		964	964	964	964	964	964	964	964	964	964	964	964	11,567	11,883	12,218
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	16,567	23,333	24,183
Funded by:																
National Government		1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	16,567	23,333	24,183
Transfers recognised - capital		1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	16,567	23,333	24,183
Total Capital Funding		1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	16,567	23,333	24,183

Table 54 MBRR SA30 - Budgeted monthly cash flow

NC084 !Kheis - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash Receipts By Source													1		
Property rates	545	545	545	545	545	545	545	545	545	545	545	545	6,544	6,832	7,139
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	383	383	383	383	383	383	383	383	383	383	383	383	4,601	4,803	5,019
Service charges - sanitation revenue	115	115	115	115	115	115	115	115	115	115	115	115	1,383	1,444	1,509
Service charges - refuse revenue	122	122	122	122	122	122	122	122	122	122	122	122	1,461	1,525	1,594
Rental of facilities and equipment	7	7	7	7	7	7	7	7	7	7	7	7	83	(62)	91
Interest earned - external investments	55	55	55	55	55	55	55	55	55	55	55	55	658	687	718
Fines, penalties and forfeits	25	25	25	25	25	25	25	25	25	25	25	25	300	313	327
Licences and permits	25	25	25	25	25	25	25	25	25	25	25	25	302	315	329
Agency services	19	19	19	19	19	19	19	19	19	19	19	19	226	235	246
Transfers and Subsidies - Operational	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	38,270	38,024	39,897
Other revenue	222	222	222	222	222	222	222	222	222	222	222	222	2,665	2,633	2,908
Cash Receipts by Source	**4,708**	**4,708**	**4,708**	**4,708**	**4,708**	**4,708**	**4,708**	**4,708**	**4,708**	**4,708**	**4,708**	**4,708**	**56,493**	**56,750**	**59,778**
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	16,567	23,333	24,183
Total Cash Receipts by Source	**6,088**	**6,088**	**6,088**	**6,088**	**6,088**	**6,088**	**6,088**	**6,088**	**6,088**	**6,088**	**6,088**	**6,088**	**73,060**	**80,083**	**83,961**
Cash Payments by Type															
Employee related costs	(3,046)	(3,046)	(3,046)	(3,046)	(3,046)	(3,046)	(3,046)	(3,046)	(3,046)	(3,046)	(3,046)	(3,046)	(36,554)	(38,106)	(39,880)
Other materials	(136)	(136)	(136)	(136)	(136)	(136)	(136)	(136)	(136)	(136)	(136)	(136)	(1,632)	(1,703)	(1,780)
Contracted services	(434)	(434)	(434)	(434)	(434)	(434)	(434)	(434)	(434)	(434)	(434)	(434)	(5,209)	(5,438)	(5,683)
Transfers and grants - other	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(512)	(41)	(43)

Other expenditure	(2,540)	(2,540)	(2,540)	(2,540)	(2,540)	(2,540)	(2,540)	(2,540)	(2,540)	(2,540)	(2,540)	(2,541)	(30,482)	(31,123)	(32,027)
Cash Payments by Type	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,200)**	**(74,389)**	**(76,412)**	**(79,413)**
Other Cash Flows/Payments by Type															
Total Cash Payments by Type	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(6,199)**	**(22,767)**	**(90,956)**	**(99,745)**	**(103,596)**
NET INCREASE/(DECREASE) IN CASH HELD	**(111)**	**(111)**	**(111)**	**(111)**	**(111)**	**(111)**	**(111)**	**(111)**	**(111)**	**(111)**	**(111)**	**(16,678)**	**(17,896)**	**(19,662)**	**(19,635)**
Cash/cash equivalents at the month/year begin:	(4,810)	(4,920)	(5,031)	(5,142)	(5,252)	(5,363)	(5,474)	(5,584)	(5,695)	(5,806)	(5,917)	(6,027)	(4,810)	(22,706)	(42,368)
Cash/cash equivalents at the month/year end:	(4,920)	(5,031)	(5,142)	(5,252)	(5,363)	(5,474)	(5,584)	(5,695)	(5,806)	(5,917)	(6,027)	(22,706)	(22,706)	(42,368)	(62,003)

2.13 Municipal manager's quality certificate

I, **Cornelius Stephanus van Eck**, the Acting Municipal Manager of !Kheis Local Municipality, hereby certify that the annual final budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name CORNELIU0S STEPHANUS VAN ECK
Acting Municipal Manager of !Kheis Local Municipality (NC084)

Signature ______________________________________

Date **31 May 2023**

!Kheis Local Municipality 2022/23 Final Budget and MTREF

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Signature ______________________

Date **31 May 2022**