

Senqu Municipality

Adjustment Budget

2023/24 - 2025/26

Adjusted Medium Term Revenue
and Expenditure Framework

(February 2024)



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Glossary

Adjustments Budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Budget - The financial plan of the Municipality.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

Equitable Share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality

MFMA - The Municipal Finance Management Act - No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF - Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Net Assets - Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure - Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure - Generally, spending without, or in excess of, an approved budget.

Vote - One of the main segments of a budget. In Senqu Municipality this means at function level.

PART 1 - ANNUAL BUDGET

Section 1 - Mayor's Report

It is with great pleasure that I present the 2023/2024 Adjustment Budget to the Council for approval.

In accordance with section 28 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

- (i) To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for.
- (ii) To authorise the utilisation of projected savings in one vote towards spending under another vote.
- (iii) To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council.
- (iv) To correct any errors in the annual budget.

In line with the MFMA, the 2023/24 approved Budget has now been adjusted. The adjustments tabled today is as a result of a review of the revenue and expenditure for the first six months of the financial year.

The main adjustments proposed in this adjustment budget are included in this section of the report.

Operating Budget

Operating Revenue (Including Capital Transfers)

Adjustments to revenue can be summarised as follows (R'000):

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
Revenue By Source						
Exchange Revenue						
Service charges - Electricity	61 638	61 638	(1 974)	59 664	62 536	65 606
Service charges - Waste Management	10 151	10 151	–	10 151	10 648	11 149
Sale of Goods and Rendering of Services	128	128	149	277	245	255
Agency services	1 540	1 540	(75)	1 465	1 615	1 691
Interest earned from Receivables	4 419	4 419	1 022	5 442	5 670	5 905
Interest earned from Current and Non Current Assets	23 819	23 819	9 348	33 167	34 494	35 874
Rent on Land	3	3	–	3	3	3
Rental from Fixed Assets	1 778	1 778	(110)	1 668	1 865	1 953
Licence and permits	1 433	1 433	4	1 437	1 503	1 573
Operational Revenue	767	767	–	767	804	842
Non-Exchange Revenue						
Property rates	17 048	17 048	–	17 048	17 884	18 724
Fines, penalties and forfeits	74	74	515	589	93	97
Transfer and subsidies - Operational	200 984	201 819	14	201 833	209 264	202 347
Interest	1 791	1 791	–	1 791	1 878	1 967
Gains on disposal of Assets	–	–	100	100	–	–
Total Revenue (excluding capital transfers and contributions)	325 572	326 407	8 993	335 400	348 501	347 984
Transfers and subsidies - capital (monetary allocations)	37 575	43 140	–	43 140	41 805	45 234
Total Revenue	363 147	369 547	8 993	378 540	390 306	393 218

The full year forecast for revenue items were adjusted upwards by a nett amount of R8,99 million. These adjustments were based on current and previous actual trends, with the biggest adjustments made on Service Charges - Electricity, Interest earned from Receivables, Interest earned from Current and Non-current Assets as well as Fines, penalties and forfeits.

Service charges - electricity decreased with R1,97 million and Interest earned from Receivables increased with R1,02 million. These adjustments were based on the actual trends for the first 6 months of the financial year.

Interest earned from Current and Non-current Assets was adjusted upwards with R9,35 million as a result of the Investment strategy and the higher interest rates for the 2023/24 financial year.

Revenue relating to Fines, penalties and forfeits increased with R515 000. This increase was as a result of penalties raised on infrastructure projects due to delays and non-performance of contractors.

Operating Expenditure

Adjustments to expenditure can be summarised as follows (R'000):

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
Expenditure By Type						
Employee related costs	130 324	130 324	9 195	139 519	146 065	152 582
Remuneration of councillors	17 055	17 055	(3 115)	13 939	14 622	15 295
Bulk purchases - electricity	61 537	61 537	–	61 537	64 552	67 522
Inventory consumed	18 820	18 820	2 715	21 535	22 811	23 860
Debt impairment	14 562	14 562	2 659	17 222	17 825	18 553
Depreciation and amortisation	18 833	18 833	(140)	18 693	19 073	19 950
Interest	3 802	3 802	1 674	5 476	5 744	6 009
Contracted services	59 044	59 055	(61)	58 993	61 839	64 684
Transfers and subsidies	36	36	10	46	49	51
Operational costs	36 682	36 672	4 358	41 030	42 450	44 407
Losses on disposal of Assets	2 000	2 000	–	2 000	2 000	2 000
Total Expenditure	362 697	362 697	17 293	379 990	397 031	414 913

The nett increase in the operating expenditure budget for 2023/2024 amounts to R17,29 million. The material adjustments are briefly discussed below:

Employee related costs increased with R9,20 million. This increase is as a result of new positions that were included for 2023/2024 as well aligning the expenditure to the actual trends for the first 6 months of the financial year. The expenditure on this line item is still towards the upper limits of the industry norms.

Remuneration of Councillors decreased with R3,12 million based on the actual trends for the first 6 months of the financial year.

Inventory Consumed increased with R2,72 million as a result of the increase in the fuel price and fuel consumption.

Debt Impairment was adjusted upwards with R2,66 million to include the debt incentive write-offs that were previously not taken into account.

Interest paid increased with R1,67 million due to the effect that iGRAP 2 and the latest Guideline on Accounting for Landfill Sites had on the interest on Landfill site calculations.

Operational costs increased with R4,36 million mainly due to an increase in travelling, accommodation and subsistence costs, as well as a result of the actual trends on the other expenditure line items for the first 6 months of the financial year.

Capital Budget

Adjustments to the capital budget can be summarised as follows (R'000):

Description	Budget Year 2023/24				Budget Year	Budget Year	
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	+1 2024/25 Adjusted Budget	+2 2025/26 Adjusted Budget	
R thousands							
Total Capital Expenditure							
<i>Roads Infrastructure</i>	20 665	26 230	37 480	37 480	63 710	48 152	
<i>Storm water Infrastructure</i>	7 200	7 200	(3 920)	(3 920)	3 280	5 000	
<i>Electrical Infrastructure</i>	1 800	1 800	(1 500)	(1 500)	300	7 157	
<i>Solid Waste Infrastructure</i>	5 400	5 400	(1 044)	(1 044)	4 356	20 843	
Infrastructure	35 065	40 630	31 016	31 016	71 647	81 151	
Community Facilities	10 820	10 820	(6 697)	(6 697)	4 123	600	
Sport and Recreation Facilities	-	-	4 910	4 910	4 910	-	
Community Assets	10 820	10 820	(1 787)	(1 787)	9 033	600	
Operational Buildings	10 450	10 450	4 226	4 226	14 676	-	
Other Assets	10 450	10 450	4 226	4 226	14 676	-	
Licences and Rights	2 070	2 070	(1 390)	(1 390)	680	-	
Intangible Assets	2 070	2 070	(1 390)	(1 390)	680	-	
Computer Equipment	1 300	1 300	1 220	1 220	2 520	478	
Furniture and Office Equipment	466	466	190	190	656	33	
Machinery and Equipment	16 311	16 311	11 183	11 183	27 494	5 467	
Transport Assets	6 400	6 400	(1 400)	(1 400)	5 000	1 977	
TOTAL CAPITAL EXPENDITURE	82 881	88 447	43 258	43 258	131 704	89 705	

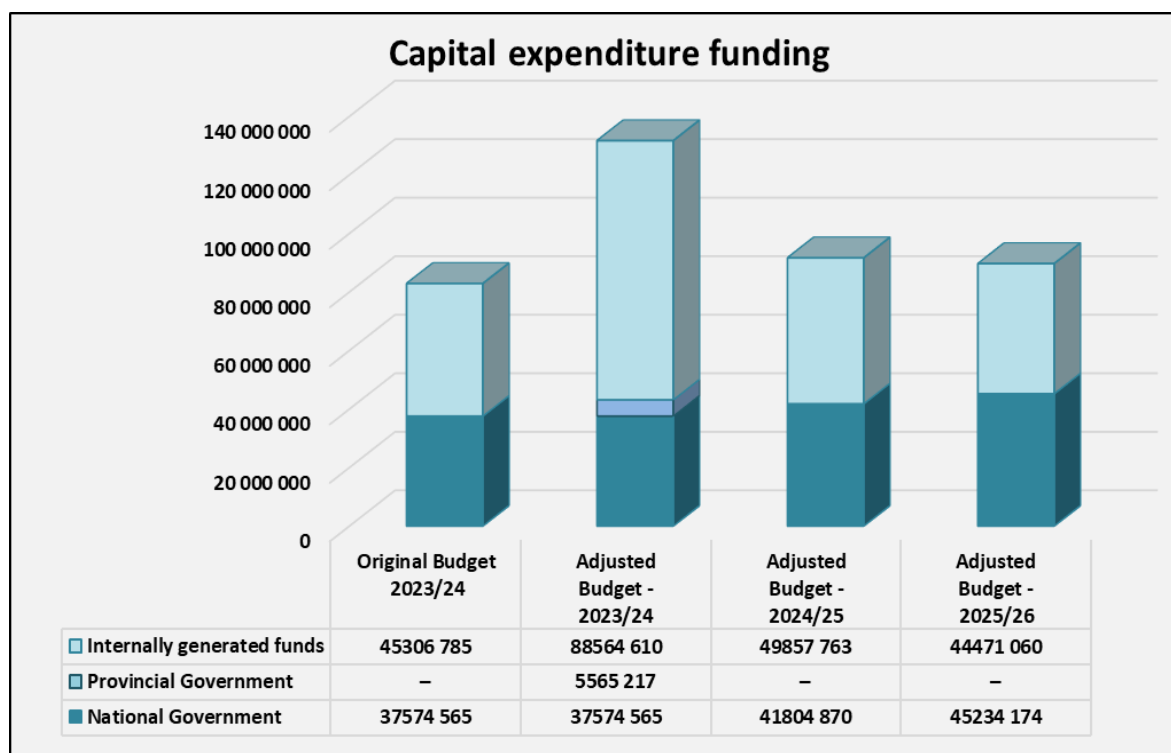
The nett effect of the adjustments on the capital budget amounts to an increase of R43,26 million. This is the result of the following amendments on capital projects:

- 1) Roads infrastructure increased with R37,48 million as a result of:
 - An additional R44,00 million for paving of existing roads in the Senqu area
 - A decrease of R4,50 million for the New Rest Construction Paving project due to funds being reallocated
 - A reduction of R1,71 million for the Construction of interlock paved streets in Khewzi Naledi (Steve Tswete) project.
- 2) Storm water infrastructure decreased with R3,92 million as a result of a decrease in the Lining, fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges project.
- 3) Electrical infrastructure decreased with R1,50 million due to a reduction in the Pre-Paid Electricity Meters project.

- 4) Solid waste infrastructure decreased with R1,04 million as a result of:
 - Decreases of R1,35 million for the Solid Waste Site - Sterkspruit project and R1 million for the Construction of Transfer Station in Rhodes project. These decreases are due to delays in the start of these projects.
 - An increase of R1,31 million in the Upgrading of Existing Solid Waste Site in Lady Grey projects
- 5) Community Facilities decreased with R6,70 million as a result of:
 - An increase of R818 000 for the Renovations of Barkly East Town Hall project and a decrease of R5,85 million for the Herschel Community Hall project.
 - Decreases of R720 000 each for the Fencing of existing Cemeteries at Joveleni, Hinana and Voyizana project and the Lady Grey and Herschel Cemetery Layout Plans (EIA) (W13 & 14) project.
 - A R400 000 reduction in the Construction of Animal Pound in Lady Grey project.
- 6) Sport and Recreation Facilities increased with R4,91 million due to funds being allocated to the Construction of Blue-Gums Sports field project.
- 7) Operational buildings increased with R4,23 million due to an increase in the Driving Licence and Testing Centre in Sterkspruit project.
- 8) A reduction of R1,39 million in Intangible assets due to funds being reallocated.
- 9) An additional R1,22 million was allocated to Computer Equipment and R190 000 to Furniture and Office Equipment.
- 10) Machinery and Equipment increased with R11,18 million mainly due to an additional R16,08 million for specialised vehicles/plant as well as a reduction of R3,15 million for the Power Backup System.
- 11) Transport assets decreased with R1,4 million as a result of funds being reallocated.

The expected investment in infrastructure remains high, to such an extent that current cash flows cannot sustain it. The municipality is forced to utilise previously accumulated cash reserves to fund part of these projects. Out of the total capital expenditure of R131,70 million for 2023/2024, R88,57 million is funded by internally generated funds. However, the municipality believes it is strategically important to invest timely in infrastructure, to cater for the need to extend service delivery across the region.

The revised forecasted capital expenditure can be summarised as follows:



Funding and Cash flows

The budget indicates a net cash outflow of R117,46 million, after capital expenditure of R131,704 million has been incurred. Non-cash items such as the Provision for debt impairment of R17,22 million, and depreciation and amortisation of R18,69 million have been taken into account.

The expected Cash flows for the MTREF period are as follows - R,000

Source	2023/2024 Original Budget	2023/2024 Adjustments Budget	2024/2025 Budget	2025/2026 Budget
Generated Operating inflows	20 877	14 957	23 498	9 725
Net Financing outflows	(802)	(810)	(823)	(837)
Net cash inflows	20 075	14 147	22 675	8 888
Outflows - Investment in Assets	(88 881)	(131 704)	(91 663)	(89 705)
Net inflows / (outflows)	(62 807)	(117 458)	(68 987)	(80 818)

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. From the table below it can be seen that the cash and investments available over the MTREF, will be sufficient to cover all commitments.

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Cash and investments available</u>						
Cash/cash equivalents at the year end	333 979	334 813	45 561	380 374	311 387	230 569
Cash and investments available:	333 979	334 813	45 561	380 374	311 387	230 569
<u>Applications of cash and investments</u>						
Unspent conditional transfers	12 769	12 769	1 021	13 790	13 790	13 790
Other working capital requirements	(9 029)	2 455	(10 298)	(7 843)	(7 054)	(6 230)
Other provisions	20 526	20 526	1 117	21 642	22 859	24 125
Reserves to be backed by cash/investments	302 212	352 760	(22 525)	330 235	275 358	194 276
Total Application of cash and investments:	326 477	388 509	(30 685)	357 824	304 953	225 960
Surplus(shortfall)	7 501	(53 696)	76 246	22 550	6 434	4 609

Unforeseen and unavoidable expenditure

There was no unforeseen expenditure approved by the Mayor and incorporated into this adjustment budget since the original approved budget.

Changes to allocations and grant adjustments

Changes to allocations and grant adjustments are reflected in the budget supporting documentation forms SB7 and SB8.

The table below gives a breakdown of the various grants and subsidies allocated to the municipality over the medium term (Please note that a portion of the Equitable share grant as per Dora is allocated to “Nat Gov: Councillor Remuneration” grant).

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:						
<u>Operating expenditure of Transfers and Grants</u>						
National Government:	198 064	198 064	–	198 064	207 403	200 469
Local Government Equitable Share	179 593	179 593	–	179 593	189 497	182 104
Finance Management	1 700	1 700	–	1 700	1 700	1 838
Nat Gov: Councillor Remuneration	7 167	7 167	–	7 167	7 563	7 267
Municipal Infrastructure Grant (MIG)	7 910	7 910	–	7 910	8 252	8 608
EPWP Incentive	1 194	1 194	–	1 194	–	–
Neighbourhood Development Grant	500	500	–	500	–	–
Integrated National Electrification Programme	–	–	–	–	391	652
Provincial Government:	2 920	3 755	14	3 769	1 861	1 878
Libraries	1 500	1 500	–	1 500	1 500	1 500
EPWP	330	330	(330)	–	–	–
Greenest Municipality	–	–	344	344	361	378
Herschel Housing Grant	1 090	1 090	–	1 090	–	–
Municipal Disaster Relief Grant	–	835	–	835	–	–
Total operating expenditure of Transfers and Grants:	200 984	201 819	14	201 833	209 264	202 347
<u>Capital expenditure of Transfers and Grants</u>						
National Government:	37 575	37 575	–	37 575	41 805	45 234
Municipal Infrastructure Grant (MIG)	37 575	37 575	–	37 575	39 196	40 886
Integrated National Electrification Programme	–	–	–	–	2 609	4 348
Provincial Government:	–	5 565	–	5 565	–	–
Municipal Disaster Relief Grant	–	5 565	–	5 565	–	–
Total capital expenditure of Transfers and Grants	37 575	43 140	–	43 140	41 805	45 234
Total capital expenditure of Transfers and Grants	238 559	244 959	14	244 973	251 069	247 581

It must be noted that the Municipality is grant dependant, as only 39% of the municipality's revenue is from own revenue generated. Therefore, any adverse effect the economic environment may have on the levy and collection of own revenue, will have a minimum impact on the Municipality's financial sustainability as a whole.

Financial Viability and Sustainability

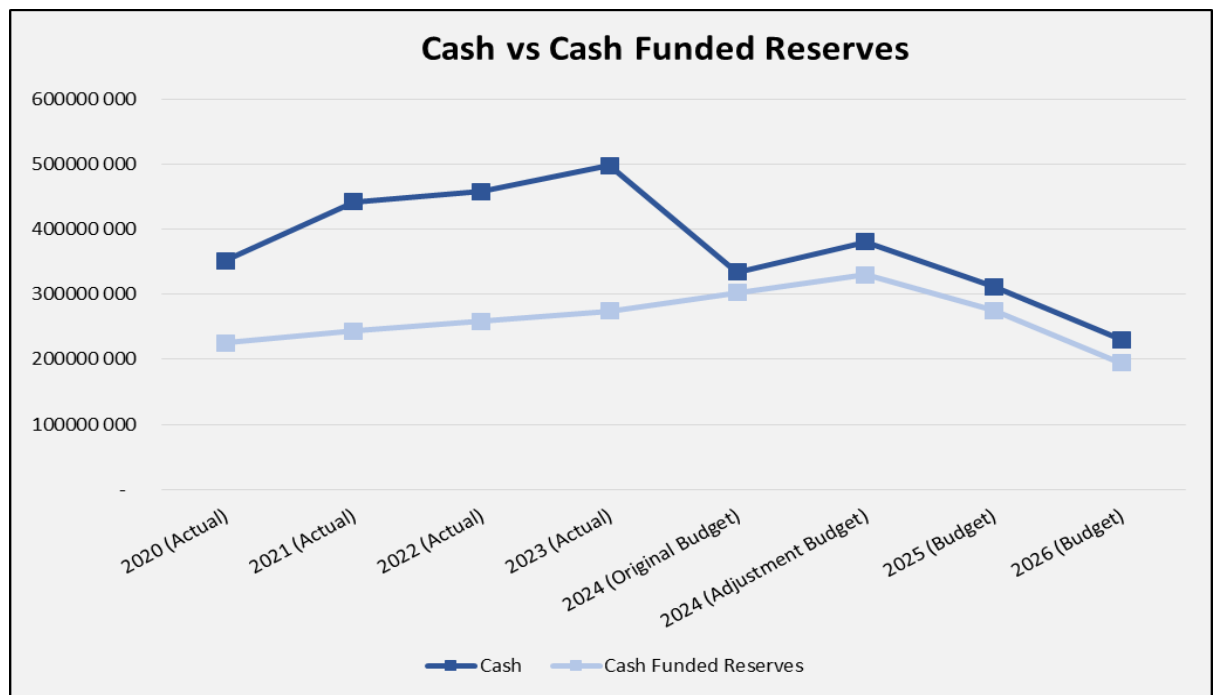
Issues such as unemployment and high energy and other costs negatively impacts on the sustainability of municipalities. These Macro-Economic issues is largely beyond the control of the municipalities. For this reason, municipalities should as far possible take control of issues it can directly manage (such as the implementation of cost containment measures and increasing the effectiveness of debt collection policies and strategies) to optimise productivity levels within the municipality.

Senqu municipality managed to successfully implement the Funding and Reserves Policy over the long-term which previously had a positive effect on the financial viability and sustainability of the municipality. Any decline in cash reserves could however have a negative impact on the progress previously made.

The graph below illustrates the direct relationship between Cash and Cash Equivalents and the Reserves in the municipality.

“More Reserves = More Cash = More Interest on Investment”

The forecast is as follows:



The projected balance of the cash and cash equivalents increase from R333,98 million to R380,37 million for 2023/2024 and then decrease to R230,57 million over the MTREF.

It should be emphasised that the projections above is based on the fact that the municipality recover revenue in line with historical actual trends and that all appropriations made towards capital and operating programs are fully utilised.

Currently, although still a funded budget, the proposed budget will have a negative impact on the projected cash position of the municipality as indicated in the graph. This downward trend can mainly be attributed to the inability of the municipal budget to produce adequate cash resources to meet the proposed capital and operating program of the municipality.

Municipalities should as far possible approve budgets that are within their financial constraints. In other words, projected capital and operating expenditure should be financed from projected future revenue streams, thus eliminating the need to utilise accumulated funds from previous years.

Recommendations

It is recommended:

- 1) that the Council approves the adjustments budget and take the resolutions listed in Section 2 below; and
- 2) That the Council approves the changes to the service delivery and budget implementation plan.

Section 2 - Budget Related Resolutions

Senqu Municipality

MTREF 2023/2024

These are the resolutions that must be approved by Council with the final adoption of the adjustments budget:

RESOLVED:

[a]. That the adjustments budget, inclusive of changes in terms of section 28(2) of the MFMA, of Senqu Municipality for the financial year 2023/2024; and indicative for the two projected years 2024/25 and 2025/26, as set-out in the schedules contained in Section 4, be approved:

1.1 Table B2: Budgeted Financial Performance (expenditure by standard classification)

1.2 Table B3: Budgeted Financial Performance (expenditure by municipal vote)

1.3 Table B4: Budgeted Financial Performance (revenue by source)

1.4 Table B5: Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding.

[b]. That the amended performance objectives as contained in the SDBIP be approved (Attached supporting documentation form SB 3).

[c]. That it be noted that there are no changes to any budget related policies.

Section 3 - Executive Summary

A key consideration for the compilation of the adjustments budget was long term financial sustainability and ensuring that sustainable municipal services are provided economically and equally to all communities.

The new projected forecasts for the MTREF are as follows:

OPERATING BUDGET (R'000)

Type	2023/2024 Original Budget	2023/2024 Adjustments Budget	2024/2025 Budget	2025/2026 Budget
Revenue	363 147	378 540	390 306	393 218
Expenditure	362 697	379 990	397 031	414 913
Surplus/(Deficit)	450	(1 450)	(6 724)	(21 695)
Less:Capital Grants	(37 575)	(43 140)	(41 805)	(45 234)
Deficit excluding capital grants	(37 125)	(44 590)	(48 529)	(66 929)

CAPITAL BUDGET (R'000)

Objective	2023/2024 Original Budget	2023/2024 Adjustments Budget	2024/2025 Budget	2025/2026 Budget
Governance and Admin	15 746	9 546	8 438	5 186
Community and Public Safety	20 470	22 908	25 610	600
Economic and environmental services	20 730	73 915	32 009	48 152
Trading Services	25 835	25 335	25 576	35 757
Total	82 881	131 704	91 663	89 705

The projected funding of the capital budget is as follows: (R 000)

Funding Source	2023/2024 Original Budget	2023/2024 Adjustments Budget	2024/2025 Budget	2025/2026 Budget
National Government	37 575	37 575	41 805	45 234
Provincial Government	-	5 565	-	-
Own Funds	45 307	88 565	49 858	44 471
Total	82 881	131 704	91 663	89 705

A summary of the revised budget is included in Section 4 of this report.

Section 4 - Adjustment budget tables

The Budget tables are:

Table B1 - Adjustments Budget Summary

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Financial Performance</u>						
Property rates	17 048	17 048	–	17 048	17 884	18 724
Service charges	71 789	71 789	(1 974)	69 815	73 184	76 754
Investment revenue	23 819	23 819	9 348	33 167	34 494	35 874
Transfers recognised - operational	200 984	201 819	14	201 833	209 264	202 347
Other own revenue	11 931	11 931	1 605	13 536	13 676	14 285
Total Revenue (excluding capital transfers and contributions)	325 572	326 407	8 993	335 400	348 501	347 984
Employee costs	130 324	130 324	9 195	139 519	146 065	152 582
Remuneration of councillors	17 055	17 055	(3 115)	13 939	14 622	15 295
Depreciation & asset impairment	18 833	18 833	(140)	18 693	19 073	19 950
Finance charges	3 802	3 802	1 674	5 476	5 744	6 009
Inventory consumed and bulk purchases	80 357	80 357	2 715	83 072	87 364	91 382
Transfers and subsidies	36	36	10	46	49	51
Other expenditure	112 289	112 289	6 956	119 245	124 114	129 644
Total Expenditure	362 697	362 697	17 293	379 990	397 031	414 913
Surplus/(Deficit)	(37 125)	(36 290)	(8 300)	(44 590)	(48 529)	(66 929)
Transfers and subsidies - capital (monetary allocations)	37 575	43 140	–	43 140	41 805	45 234
Surplus/ (Deficit) for the year	450	6 850	(8 300)	(1 450)	(6 724)	(21 695)
<u>Capital expenditure & funds sources</u>						
Capital expenditure	82 881	88 447	43 258	131 704	91 663	89 705
Transfers recognised - capital	37 575	43 140	–	43 140	41 805	45 234
Internally generated funds	45 307	45 307	43 258	88 565	49 858	44 471
Total sources of capital funds	82 881	88 447	43 258	131 704	91 663	89 705

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Financial position</u>						
Total current assets	369 890	370 724	38 530	409 254	339 477	258 378
Total non current assets	632 664	638 229	10 456	648 685	719 275	787 030
Total current liabilities	53 028	53 028	915	53 944	55 767	57 664
Total non current liabilities	42 950	42 950	12 624	55 575	61 288	67 742
Community wealth/Equity	906 574	912 974	35 447	948 421	941 696	920 002
<u>Cash flows</u>						
Net cash from (used) operating	20 877	20 877	(5 920)	14 957	23 498	9 725
Net cash from (used) investing	(82 881)	(88 447)	(43 158)	(131 604)	(91 663)	(89 705)
Net cash from (used) financing	(802)	(802)	(8)	(810)	(823)	(837)
Cash/cash equivalents at the year end	333 979	334 813	45 561	380 374	311 387	230 569
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	333 979	334 813	45 561	380 374	311 387	230 569
Application of cash and investments	326 477	388 509	(30 685)	357 824	304 953	225 960
Balance - surplus (shortfall)	7 501	(53 696)	76 246	22 550	6 434	4 609
<u>Asset Management</u>						
Asset register summary (WDV)	632 664	638 229	10 456	648 685	719 275	787 030
Depreciation	18 833	18 833	(140)	18 693	19 073	19 950
Renewal and Upgrading of Existing Assets	26 300	31 865	39 519	71 384	26 893	40 500
Repairs and Maintenance	20 992	20 992	(109)	20 883	21 687	22 685
<u>Free services</u>						
Cost of Free Basic Services provided	5 102	5 102	(14)	5 088	5 404	5 763
Revenue cost of free services provided	5 863	5 863	-	5 863	6 151	6 440
<u>Households below minimum service level</u>						
Energy:	8	8	-	8	8	7
Refuse:	50	50	-	50	51	51

Table B2 - Adjustments Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
Revenue - Functional						
Governance and administration	161 188	161 188	9 239	170 427	179 217	177 026
Executive and council	7 167	7 167	-	7 167	7 563	7 267
Finance and administration	154 021	154 021	9 239	163 260	171 654	169 759
Community and public safety	5 278	5 278	17	5 295	5 558	5 747
Community and social services	1 664	1 664	17	1 681	1 689	1 698
Sport and recreation	2	2	-	2	2	2
Public safety	3 613	3 613	-	3 613	3 867	4 048
Economic and environmental services	48 336	54 736	130	54 867	47 550	49 600
Planning and development	9 556	9 556	130	9 686	8 342	8 701
Road transport	38 780	45 180	-	45 180	39 208	40 899
Trading services	148 014	148 014	(108)	147 906	157 980	160 843
Energy sources	98 671	98 671	(1 974)	96 697	104 604	108 250
Waste management	49 343	49 343	1 867	51 209	53 377	52 594
Other	331	331	(286)	45	1	2
Total Revenue - Functional	363 147	369 547	8 993	378 540	390 306	393 218
Expenditure - Functional						
Governance and administration	136 517	136 517	8 539	145 056	151 807	158 704
Executive and council	35 985	35 985	2 148	38 133	39 922	41 734
Finance and administration	97 009	97 009	6 133	103 142	107 932	112 836
Internal audit	3 523	3 523	259	3 781	3 952	4 134
Community and public safety	28 870	28 870	1 690	30 561	32 013	33 468
Community and social services	18 977	18 977	1 061	20 038	21 000	21 966
Sport and recreation	1 652	1 652	1 108	2 760	2 895	3 028
Public safety	8 242	8 242	(479)	7 763	8 118	8 473
Economic and environmental services	57 952	57 952	3 115	61 067	63 063	65 858
Planning and development	25 727	25 727	1 232	26 959	27 685	28 940
Road transport	32 040	32 040	2 013	34 053	35 162	36 692
Environmental protection	185	185	(130)	55	216	226
Trading services	137 710	137 710	3 424	141 134	147 901	154 532
Energy sources	88 735	88 735	(3 051)	85 684	89 620	93 686
Waste water management	8 319	8 319	(2 942)	5 377	6 043	6 275
Waste management	40 656	40 656	9 417	50 073	52 239	54 572
Other	1 648	1 648	524	2 172	2 247	2 350
Total Expenditure - Functional	362 697	362 697	17 293	379 990	397 031	414 913
Surplus/ (Deficit) for the year	450	6 850	(8 300)	(1 450)	(6 724)	(21 695)

Table B3 - Adjustments Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
Revenue by Vote						
Vote 1 - Executive & Council	7 167	7 167	-	7 167	7 563	7 267
Vote 2 - Planning & Development	9 874	9 874	(160)	9 715	8 329	8 688
Vote 3 - Corporate Services	1 874	1 874	(110)	1 764	1 966	2 058
Vote 4 - Budget & Treasury	152 158	152 158	9 349	161 508	169 701	167 713
Vote 5 - Road Transport	42 309	48 709	(75)	48 634	42 911	44 775
Vote 9 - Community & Social Services	1 665	1 665	21	1 686	1 690	1 699
Vote 10 - Sport & Recreation	2	2	-	2	2	2
Vote 11 - Public Safety	83	83	75	158	165	171
Vote 12 - Electricity	98 671	98 671	(1 974)	96 697	104 604	108 250
Vote 13 - Waste Management	49 343	49 343	1 867	51 209	53 377	52 594
Total Revenue by Vote	363 147	369 547	8 993	378 540	390 306	393 218
Expenditure by Vote						
Vote 1 - Executive & Council	44 365	44 365	2 635	46 999	49 142	51 377
Vote 2 - Planning & Development	26 599	26 599	1 298	27 897	28 637	29 937
Vote 3 - Corporate Services	45 278	45 278	3 344	48 622	50 871	53 196
Vote 4 - Budget & Treasury	46 911	46 911	2 547	49 458	51 818	54 155
Vote 5 - Road Transport	39 202	39 202	724	39 926	41 297	43 093
Vote 6 - Waste Water Management	8 319	8 319	(2 942)	5 377	6 043	6 275
Vote 9 - Community & Social Services	19 901	19 901	1 403	21 304	22 486	23 520
Vote 10 - Sport & Recreation	1 652	1 652	1 108	2 760	2 895	3 028
Vote 11 - Public Safety	1 080	1 080	810	1 890	1 982	2 073
Vote 12 - Electricity	88 735	88 735	(3 051)	85 684	89 620	93 686
Vote 13 - Waste Management	40 656	40 656	9 417	50 073	52 239	54 572
Total Expenditure by Vote	362 697	362 697	17 293	379 990	397 031	414 913
Surplus/ (Deficit) for the year	450	6 850	(8 300)	(1 450)	(6 724)	(21 695)

Table B4 - Adjustments Budgeted Financial Performance (revenue and expenditure)

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
Revenue By Source						
Exchange Revenue						
Service charges - Electricity	61 638	61 638	(1 974)	59 664	62 536	65 606
Service charges - Waste Management	10 151	10 151	–	10 151	10 648	11 149
Sale of Goods and Rendering of Services	128	128	149	277	245	255
Agency services	1 540	1 540	(75)	1 465	1 615	1 691
Interest earned from Receivables	4 419	4 419	1 022	5 442	5 670	5 905
Interest earned from Current and Non Current Assets	23 819	23 819	9 348	33 167	34 494	35 874
Rent on Land	3	3	–	3	3	3
Rental from Fixed Assets	1 778	1 778	(110)	1 668	1 865	1 953
Licence and permits	1 433	1 433	4	1 437	1 503	1 573
Operational Revenue	767	767	–	767	804	842
Non-Exchange Revenue						
Property rates	17 048	17 048	–	17 048	17 884	18 724
Fines, penalties and forfeits	74	74	515	589	93	97
Transfer and subsidies - Operational	200 984	201 819	14	201 833	209 264	202 347
Interest	1 791	1 791	–	1 791	1 878	1 967
Gains on disposal of Assets	–	–	100	100	–	–
Total Revenue (excluding capital transfers and contributions)	325 572	326 407	8 993	335 400	348 501	347 984
Expenditure By Type						
Employee related costs	130 324	130 324	9 195	139 519	146 065	152 582
Remuneration of councillors	17 055	17 055	(3 115)	13 939	14 622	15 295
Bulk purchases - electricity	61 537	61 537	–	61 537	64 552	67 522
Inventory consumed	18 820	18 820	2 715	21 535	22 811	23 860
Debt impairment	14 562	14 562	2 659	17 222	17 825	18 553
Depreciation and amortisation	18 833	18 833	(140)	18 693	19 073	19 950
Interest	3 802	3 802	1 674	5 476	5 744	6 009
Contracted services	59 044	59 055	(61)	58 993	61 839	64 684
Transfers and subsidies	36	36	10	46	49	51
Operational costs	36 682	36 672	4 358	41 030	42 450	44 407
Losses on disposal of Assets	2 000	2 000	–	2 000	2 000	2 000
Total Expenditure	362 697	362 697	17 293	379 990	397 031	414 913
Surplus/(Deficit)	(37 125)	(36 290)	(8 300)	(44 590)	(48 529)	(66 929)
Transfers and subsidies - capital (monetary allocations)	37 575	43 140	–	43 140	41 805	45 234
Surplus/ (Deficit) for the year	450	6 850	(8 300)	(1 450)	(6 724)	(21 695)

Table B5 - Adjustments Budgeted Capital Expenditure by vote, standard classification and funding

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
Capital expenditure - Vote						
Multi-year expenditure to be adjusted						
Vote 3 - Corporate Services	-	800	(800)	-	-	-
Vote 5 - Road Transport	30 000	30 000	(1 979)	28 021	47 009	48 152
Vote 6 - Waste Water Management	7 200	7 200	(3 920)	3 280	10 600	5 000
Vote 9 - Community & Social Services	9 340	9 340	(6 297)	3 043	3 500	-
Vote 10 - Sport & Recreation	-	-	4 910	4 910	6 310	-
Vote 11 - Public Safety	1 080	1 080	-	1 080	800	600
Vote 12 - Electricity	-	-	-	-	2 609	4 348
Vote 13 - Waste Management	5 400	5 400	(1 044)	4 356	4 160	20 843
Capital multi-year expenditure sub-total	53 020	53 820	(9 130)	44 690	74 987	78 942
Single-year expenditure to be adjusted						
Vote 1 - Executive & Council	2 605	2 605	(2 390)	215	430	30
Vote 3 - Corporate Services	11 581	10 781	(4 911)	5 870	6 813	4 678
Vote 4 - Budget & Treasury	1 561	1 561	1 900	3 461	1 195	478
Vote 5 - Road Transport	380	5 945	53 825	59 770	-	-
Vote 9 - Community & Social Services	100	100	(100)	-	30	10
Vote 11 - Public Safety	400	400	(400)	-	-	-
Vote 12 - Electricity	1 865	1 865	(1 500)	365	2 719	2 882
Vote 13 - Waste Management	11 370	11 370	5 964	17 334	5 489	2 685
Capital single-year expenditure sub-total	29 861	34 627	52 388	87 015	16 676	10 763
Total Capital Expenditure - Vote	82 881	88 447	43 258	131 704	91 663	89 705
Capital Expenditure - Functional						
Governance and administration	15 746	15 746	(6 201)	9 546	8 438	5 186
Executive and council	535	535	(320)	215	30	30
Finance and administration	13 861	13 861	(4 531)	9 331	8 408	5 156
Internal audit	1 350	1 350	(1 350)	-	-	-
Community and public safety	20 470	20 470	2 438	22 908	25 610	600
Community and social services	9 340	9 340	(6 297)	3 043	3 500	-
Sport and recreation	-	-	4 910	4 910	6 310	-
Public safety	11 130	11 130	3 826	14 956	15 800	600
Economic and environmental services	20 730	26 295	47 620	73 915	32 009	48 152
Road transport	20 730	26 295	47 620	73 915	32 009	48 152
Trading services	25 835	25 835	(500)	25 335	25 576	35 757
Energy sources	1 865	1 865	(1 500)	365	5 328	7 230
Waste water management	7 200	7 200	(3 920)	3 280	10 600	5 000
Waste management	16 770	16 770	4 919	21 689	9 649	23 527
Other	100	100	(100)	-	30	10
Total Capital Expenditure - Functional	82 881	88 447	43 258	131 704	91 663	89 705
Funded by:						
National Government	37 575	37 575	-	37 575	41 805	45 234
Provincial Government	-	5 565	-	5 565	-	-
Transfers recognised - capital	37 575	43 140	-	43 140	41 805	45 234
Internally generated funds	45 307	45 307	43 258	88 565	49 858	44 471
Total Capital Funding	82 881	88 447	43 258	131 704	91 663	89 705

Table B6 - Adjustments Budgeted Financial Position

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
ASSETS						
Current assets						
Cash and cash equivalents	333 979	334 813	45 561	380 374	311 387	230 569
Trade and other receivables from exchange transactions	27 625	27 625	(13 646)	13 979	15 894	18 079
Receivables from non-exchange transactions	4 177	4 177	3 311	7 488	6 145	4 766
Inventory	551	551	57	608	608	608
VAT	3 558	3 558	3 247	6 805	5 444	4 355
Total current assets	369 890	370 724	38 530	409 254	339 477	258 378
Non current assets						
Investment property	46 309	46 309	963	47 272	47 272	47 272
Property, plant and equipment	584 283	589 848	10 640	600 488	670 768	738 616
Intangible assets	2 072	2 072	(1 148)	925	1 235	1 142
Total non current assets	632 664	638 229	10 456	648 685	719 275	787 030
TOTAL ASSETS	1 002 553	1 008 953	48 986	1 057 939	1 058 752	1 045 408
LIABILITIES						
Current liabilities						
Financial liabilities	943	943	(0)	943	964	987
Consumer deposits	2 136	2 136	(138)	1 998	2 118	2 245
Trade and other payables from exchange transactions	16 655	16 655	(1 084)	15 571	16 037	16 517
Trade and other payables from non-exchange transactions	12 769	12 769	1 021	13 790	13 790	13 790
Provisions	20 526	20 526	1 117	21 642	22 859	24 125
Total current liabilities	53 028	53 028	915	53 944	55 767	57 664
Non current liabilities						
Borrowing	4 978	4 978	0	4 978	4 014	3 027
Provisions	37 973	37 973	(8 140)	29 832	32 319	34 950
Other non-current liabilities	-	-	20 764	20 764	24 955	29 765
Total non current liabilities	42 950	42 950	12 624	55 575	61 288	67 742
TOTAL LIABILITIES	95 979	95 979	13 539	109 518	117 055	125 406
NET ASSETS	906 574	912 974	35 447	948 421	941 696	920 002
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)	505 135	511 535	7 424	518 959	561 157	614 234
Funds and Reserves	401 439	401 439	28 023	429 462	380 539	305 768
TOTAL COMMUNITY WEALTH/EQUITY	906 574	912 974	35 447	948 421	941 696	920 002

Table B7 - Adjustments Budgeted Cash Flows

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	13 029	13 029	2 757	15 785	16 541	17 302
Service charges	54 863	54 863	6 593	61 456	64 314	67 341
Other revenue	5 302	5 302	603	5 905	7 153	7 149
Transfers and Subsidies - Operational	199 394	199 394	(330)	199 064	208 903	201 969
Transfers and Subsidies - Capital	37 575	37 575	-	37 575	41 805	45 234
Interest	30 029	30 029	3 138	33 167	34 494	35 874
Payments						
Suppliers and employees	(315 476)	(315 476)	(16 998)	(332 474)	(343 919)	(359 085)
Finance charges	(3 802)	(3 802)	(1 674)	(5 476)	(5 744)	(6 009)
Transfers and Subsidies	(36)	(36)	(10)	(46)	(49)	(51)
NET CASH FROM/(USED) OPERATING ACTIVITIES	20 877	20 877	(5 920)	14 957	23 498	9 725
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	100	100	-	-
Payments						
Capital assets	(82 881)	(88 447)	(43 258)	(131 704)	(91 663)	(89 705)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(82 881)	(88 447)	(43 158)	(131 604)	(91 663)	(89 705)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Increase (decrease) in consumer deposits	121	121	(8)	113	120	127
Payments						
Repayment of borrowing	(923)	(923)	0	(923)	(943)	(964)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(802)	(802)	(8)	(810)	(823)	(837)
NET INCREASE/ (DECREASE) IN CASH HELD	(62 807)	(68 372)	(49 086)	(117 458)	(68 987)	(80 818)
Cash/cash equivalents at the year begin:	396 785	403 185	94 647	497 832	380 374	311 387
Cash/cash equivalents at the year end:	333 979	334 813	45 561	380 374	311 387	230 569

Table B8 - Adjustments Cash backed reserves/accumulated surplus reconciliation

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Cash and investments available</u>						
Cash/cash equivalents at the year end	333 979	334 813	45 561	380 374	311 387	230 569
Cash and investments available:	333 979	334 813	45 561	380 374	311 387	230 569
<u>Applications of cash and investments</u>						
Unspent conditional transfers	12 769	12 769	1 021	13 790	13 790	13 790
Other working capital requirements	(9 029)	2 455	(10 298)	(7 843)	(7 054)	(6 230)
Other provisions	20 526	20 526	1 117	21 642	22 859	24 125
Reserves to be backed by cash/investments	302 212	352 760	(22 525)	330 235	275 358	194 276
Total Application of cash and investments:	326 477	388 509	(30 685)	357 824	304 953	225 960
Surplus(shortfall)	7 501	(53 696)	76 246	22 550	6 434	4 609

Table B9 - Adjustments Budget Asset Management

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
CAPITAL EXPENDITURE						
<u>Total New Assets</u>	56 581	56 581	3 739	60 320	64 770	49 205
<i>Roads Infrastructure</i>	315	315	(315)	–	5 576	7 652
<i>Storm water Infrastructure</i>	7 200	7 200	(3 920)	3 280	10 600	5 000
<i>Electrical Infrastructure</i>	1 800	1 800	(1 500)	300	5 259	7 157
<i>Solid Waste Infrastructure</i>	2 700	2 700	(2 350)	350	4 160	20 843
Infrastructure	12 015	12 015	(8 085)	3 930	25 594	40 651
Community Facilities	8 370	8 370	(7 115)	1 255	4 300	600
Sport and Recreation Facilities	–	–	4 910	4 910	5 850	–
Community Assets	8 370	8 370	(2 205)	6 165	10 150	600
Operational Buildings	9 650	9 650	4 226	13 876	15 000	–
Other Assets	9 650	9 650	4 226	13 876	15 000	–
Licences and Rights	2 070	2 070	(1 390)	680	400	–
Intangible Assets	2 070	2 070	(1 390)	680	400	–
Computer Equipment	1 300	1 300	1 220	2 520	1 195	478
Furniture and Office Equipment	466	466	190	656	69	33
Machinery and Equipment	16 311	16 311	11 183	27 494	7 608	5 467
Transport Assets	6 400	6 400	(1 400)	5 000	4 753	1 977
<u>Total Renewal of Existing Assets</u>	2 050	7 615	44 818	52 433	–	–
<i>Roads Infrastructure</i>	–	5 565	44 000	49 565	–	–
Infrastructure	–	5 565	44 000	49 565	–	–
Community Facilities	2 050	2 050	818	2 868	–	–
Community Assets	2 050	2 050	818	2 868	–	–
<u>Total Upgrading of Existing Assets</u>	24 250	24 250	(5 299)	18 951	26 893	40 500
<i>Roads Infrastructure</i>	20 350	20 350	(6 205)	14 145	26 433	40 500
<i>Solid Waste Infrastructure</i>	2 700	2 700	1 306	4 006	–	–
Infrastructure	23 050	23 050	(4 899)	18 151	26 433	40 500
Community Facilities	400	400	(400)	–	–	–
Sport and Recreation Facilities	–	–	–	–	460	–
Community Assets	400	400	(400)	–	460	–
Operational Buildings	800	800	–	800	–	–
Other Assets	800	800	–	800	–	–
<u>Total Capital Expenditure</u>	82 881	88 447	43 258	131 704	91 663	89 705
<i>Roads Infrastructure</i>	20 665	26 230	37 480	63 710	32 009	48 152
<i>Storm water Infrastructure</i>	7 200	7 200	(3 920)	3 280	10 600	5 000
<i>Electrical Infrastructure</i>	1 800	1 800	(1 500)	300	5 259	7 157
<i>Solid Waste Infrastructure</i>	5 400	5 400	(1 044)	4 356	4 160	20 843
Infrastructure	35 065	40 630	31 016	71 647	52 027	81 151
Community Facilities	10 820	10 820	(6 697)	4 123	4 300	600
Sport and Recreation Facilities	–	–	4 910	4 910	6 310	–
Community Assets	10 820	10 820	(1 787)	9 033	10 610	600
Operational Buildings	10 450	10 450	4 226	14 676	15 000	–
Other Assets	10 450	10 450	4 226	14 676	15 000	–
Licences and Rights	2 070	2 070	(1 390)	680	400	–
Intangible Assets	2 070	2 070	(1 390)	680	400	–
Computer Equipment	1 300	1 300	1 220	2 520	1 195	478
Furniture and Office Equipment	466	466	190	656	69	33
Machinery and Equipment	16 311	16 311	11 183	27 494	7 608	5 467
Transport Assets	6 400	6 400	(1 400)	5 000	4 753	1 977
TOTAL CAPITAL EXPENDITURE	82 881	88 447	43 258	131 704	91 663	89 705

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
ASSET REGISTER SUMMARY - PPE (WDV)	632 664	638 229	10 456	648 685	719 275	787 030
<i>Roads Infrastructure</i>	136 036	141 601	31 647	173 248	196 666	235 878
<i>Storm water Infrastructure</i>	56 917	56 917	(6 793)	50 124	58 906	62 028
<i>Electrical Infrastructure</i>	26 154	26 154	(4 062)	22 091	25 318	30 372
<i>Solid Waste Infrastructure</i>	70 947	70 947	(6 317)	64 630	67 217	86 415
Infrastructure	290 054	295 619	14 475	310 093	348 107	414 693
Community Assets	80 493	80 493	(14 238)	66 256	74 269	72 153
Investment properties	46 309	46 309	963	47 272	47 272	47 272
Other Assets	128 810	128 810	9 794	138 604	152 494	151 332
Intangible Assets	2 072	2 072	(1 148)	925	1 235	1 142
Computer Equipment	2 689	2 689	1 377	4 065	4 508	4 199
Furniture and Office Equipment	1 597	1 597	(344)	1 253	902	496
Machinery and Equipment	34 329	34 329	6 455	40 784	46 636	50 264
Transport Assets	16 534	16 534	(7 287)	9 247	13 666	15 293
Land	29 776	29 776	409	30 185	30 185	30 185
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	632 664	638 229	10 456	648 685	719 275	787 030
EXPENDITURE OTHER ITEMS						
<u>Depreciation & asset impairment</u>	18 833	18 833	(140)	18 693	19 073	19 950
<u>Repairs and Maintenance by asset class</u>	20 992	20 992	(109)	20 883	21 687	22 685
<i>Roads Infrastructure</i>	7 704	7 704	(2 510)	5 194	7 704	8 058
<i>Storm water Infrastructure</i>	442	442	(430)	12	464	485
<i>Electrical Infrastructure</i>	1 007	1 007	140	1 147	1 203	1 258
<i>Solid Waste Infrastructure</i>	1 903	1 903	(310)	1 593	1 671	1 748
Infrastructure	11 055	11 055	(3 110)	7 945	11 041	11 549
Community Facilities	2 101	2 101	99	2 200	2 288	2 393
Sport and Recreation Facilities	330	330	–	330	346	362
Community Assets	2 430	2 430	99	2 530	2 634	2 755
Non-revenue Generating	218	218	–	218	228	239
Investment properties	218	218	–	218	228	239
Operational Buildings	1 974	1 974	(133)	1 841	1 915	2 003
Other Assets	1 974	1 974	(133)	1 841	1 915	2 003
Furniture and Office Equipment	615	615	165	780	818	855
Machinery and Equipment	2 106	2 106	(85)	2 021	2 172	2 272
Transport Assets	2 595	2 595	2 955	5 550	2 879	3 012
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	39 825	39 825	(249)	39 576	40 760	42 634
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	31.7%	36.0%		54.2%	29.3%	45.1%
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>	139.6%	169.2%		381.9%	141.0%	203.0%
<i>R&M as a % of PPE</i>	3.3%	3.3%		3.2%	3.0%	2.9%
<i>Renewal and upgrading and R&M as a % of PPE</i>	7.5%	8.3%		14.2%	6.8%	8.0%

Table B10 - Adjustments Budget Basic service delivery measurement

Description	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Household service targets						
Energy:						
Electricity (at least min. service level)	46 051	46 051	–	46 051	47 432	48 381
Electricity - prepaid (> min.service level)	3 663	3 663	–	3 663	3 599	4 030
<i>Minimum Service Level and Above sub-total</i>	49 714	49 714	–	49 714	51 031	52 412
Other energy sources	8 303	8 303	–	8 303	8 061.07	7 071.11
<i>Below Minimum Service Level sub-total</i>	8 303	8 303	–	8 303	8 061	7 071
Total number of households	58 017	58 017	–	58 017	59 092	59 483
Refuse:						
Removed at least once a week (min.service)	8 251	8 251	–	8 251	8 829	9 005
Minimum Service Level and Above sub-total	8 251	8 251	–	8 251	8 829	9 005
Using communal refuse dump	49 929	49 929	–	49 929	50 927	51 436
<i>Below Minimum Service Level sub-total</i>	49 929	49 929	–	49 929	50 927	51 436
Total number of households	58 180	58 180	–	58 180	59 756	60 442
Cost of Free Basic Services provided (R'000)						
Electricity/other energy (50kwh per indigent household per month)	867	867	(14)	853	961	1 112
Refuse (removed once a week for indigent households)	4 235	4 235	–	4 235	4 442	4 651
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)						
	–	–	–	–	–	–
Total cost of FBS provided	5 102	5 102	(14)	5 088	5 404	5 763
Highest level of free service provided						
Property rates (R'000 value threshold)	60 000	60 000	–	60 000	60 000	60 000
Electricity (kw per household per month)	50	50	–	50	50	50
Refuse (average litres per week)	140	140	–	140	140	140
Revenue cost of free services provided (R'000)						
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	5 863	5 863	–	5 863	6 151	6 440
Total revenue cost of subsidised services provided	5 863	5 863	–	5 863	6 151	6 440

The municipality does not have any entities for which adjustments budgets must be prepared.

PART 2 - SUPPORTING DOCUMENTATION

Section 5 - Measurable performance objectives and indicators

Changes to measurable performance objectives and indicators are included in the supporting tables attached as Appendix “A”. These indicators are part of the indicators contained in the Service Delivery and Budget Implementation Plan, which again forms the basis of the performance contracts of the Municipal Manager and Senior Management.

Section 6 - Budget related policies

There are no changes to the budget related policies proposed in the adjustments budget.

Section 7 - Overview of budget assumptions

Budget Assumptions

There are no changes to the budget assumptions proposed in the adjustments budget.

Section 8 - Funding compliance

The adjustments budget is cash - funded which is the first indicator of a “credible” budget.

Funding levels are acceptable at an average of 16 months cash - resources (inclusive of the Reserve balances), which is remarkable in these economic times, and is sufficient to cover all requirements of the funding and reserves policy.

Section 9 - Overview of budget funding

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence of future assumptions;
- Does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

Fiscal Overview of Senqu Municipality

Over the past financial years via sound and strong financial management, Senqu Municipality has moved internally to a position of relative financial stability. There is also a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management.

Long term financial planning

The municipality's financial position is sound and this budget further ensures that it stays sound.

The municipality plans to continue exercising strict financial management and ensuring a cash flow which meets the requirements.

Due to the fact that the majority of capital expenditure from own sources be funded by way of own cash, the municipality must ensure that the principle of "the user pays for the use of the assets" be applied in its long -term financial strategy. It is for this reason that the municipality provides for cash - backed reserves, which consist of Employee Benefits provisions, the cost of replacing the existing valuation roll and contributions to the Capital Replacement Reserve with the idea being a contribution at least equal to the depreciation charges on those assets being used.

Sources of funding

Interest earned from investments is applied to the income and expenditure account to help fund the operating budget. The following tables summarises the budgeted interest over the MTREF;

R '000	2023/2024 Original Budget	2023/2024 Adjustment Budget	2024/2025 Budget	2025/2026 Budget
Investment Interest	23 819	33 167	34 494	35 874

Borrowing

The MFMA prescribes the conditions within which municipalities may borrow through either short or long term debt.

The Act stipulates that short term debt can be used to meet immediate cash flow needs but that it must be fully repaid within the financial year in which it was incurred. Long term debt can only be incurred for capital expenditure or to re-finance existing long term debt. Proposals to incur long term debt must go through a public consultation process.

The cash flow projections will determine the likely need to borrow short term. It is not projected that any short term borrowing will be required over the MTREF period.

The ratios as set out in the Cash and Management Investment policy are used to establish prudential levels of borrowing in terms of affordability and the overall indebtedness of the Municipality.

Section 10 - Expenditure on allocations and grant programmes

Grant allocations

Details of each grant to be received and spent are shown in the schedules SB7 to SB9 attached to the report.

Section 11 - Allocations and grants made by the Municipality

Allocations Made by the Municipality

Refer to supporting schedule SB10 for allocations made.

Any allocation made to an outside body must comply with the requirements of section 67 of the MFMA. This stipulates that before transferring funds to an outside organisation the Municipal Manager, as Accounting Officer, must be satisfied that the organisation or body has the capacity to comply with the agreement and has adequate financial management and other systems in place.

National Treasury further indicated in MFMA circular 51 that “discretionary” funds should not be appropriated in the budget due to such funds not being transparent during the consultation process.

Section 12 - Councillor Allowances and employee benefits

Salaries, Allowances and Benefits

There are minor adjustments proposed for Councillor Allowances.

Details of Councillor Allowances and employee benefits are included in supporting table SB11 attached.

Section 13 - Monthly targets for revenue, expenditure and cash flow

Monthly Cash Flows by source

Supporting tables SB 12 to SB 17 show the adjusted monthly cash flows.

Section 14 - Adjustments to the quarterly service delivery and budget implementation plans - internal departments

The changes to the quarterly service delivery and budget implementation plans as a result of the changes to the budget are being submitted separately. The main changes to the SDBIP for the year are listed below.

Description	Unit of measurement	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Vote 3 - Corporate Services							
Function 1 - Buildings							
Sub-function 1 - Other Buildings							
<i>Construction of Change rooms - Lady Grey</i>	Completion of project	800	800	-	800	-	-
Vote5 - Road Transport							
Function 1 - Roads							
Sub-function 1 - Access Roads							
<i>Tienbank Access to Property (180 Properties)</i>	Completion of project to the specification of the engineers	315	315	(315)	-	-	-
Sub-function 2 - Surfaced Roads							
<i>New Rest Construction - Paving</i>	Completion of project to the specification of the engineers	4 500	4 500	(4 500)	-	10 000	33 000
<i>Construction of interlock paved streets in Khewzi Naledi (Steve Tswele) W14</i>	Completion of project to the specification of the engineers	15 850	15 850	(1 705)	14 145	16 433	7 500
<i>Resurface of existing paved roads (asphalt) & upgrade of storm water in Barkly East.</i>	Completion of project to the specification of the engineers	-	-	-	-	2 576	5 152
<i>Reconstruction of Roads in Ward 3 - Upper Tele, Mabele and Makhumsha Roads</i>	Completion of project to the specification of the engineers	-	2 957	-	2 957	-	-
<i>Reconstruction of Roads in Ward 9 - Lepota Village</i>	Completion of project to the specification of the engineers	-	2 609	-	2 609	-	-
<i>Sterkspruit - Mogesie Removal of Old Paving and Replacement with Paving</i>	Completion of project to the specification of the engineers	-	-	11 000	11 000	-	-
<i>Sterkspruit - Zwellisha - Replacement of tar with Paving</i>	Completion of project to the specification of the engineers	-	-	11 000	11 000	-	-
<i>Lady Grey - Kwezi Naledi Replacement of Tar with Paving</i>	Completion of project to the specification of the engineers	-	-	11 000	11 000	-	-
<i>BE - Lulama - Replacement of tar with Paving</i>	Completion of project to the specification of the engineers	-	-	11 000	11 000	-	-
Function 2 - Road Structures							
Sub-function 1 - Bridges							
<i>Construction of a pedestrian bridge between Esilindini and Frans (W12)</i>	Completion of project to the specification of the engineers	-	-	-	-	3 000	2 500
Function 3 - Road and Traffic Regulation							
Sub-function 1 - Municipal Offices							
<i>Driving Licence and Testing Centre Sterkspruit</i>	Completion of project to the specification of the engineers	9 650	9 650	4 226	13 876	15 000	-
Vote 6 - Waste Water Management							
Function 1 - Storm water							
Sub-function 1 - Storm water Conveyance							
<i>Lining, fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges..</i>	Completion of project to the specification of the engineers	7 200	7 200	(3 920)	3 280	10 600	5 000
Vote9 - Community & Social Services							
Function 1 - Community Halls							
Sub-function 1 - Buildings							
<i>Renovations (Barkly East Town Hall)</i>	Renovation of the hall to specifications	2 050	2 050	818	2 868	-	-
<i>Herschel Community Hall</i>	Completion of project to the specification of the engineers	5 850	5 850	(5 850)	-	-	-
Function 2 - Cemeteries							
Sub-function 1 - Cemeteries							
<i>Fencing of existing cemeteries at Joveleni, Hinana and Voyizana</i>	Completion of project to the specification of the engineers	720	720	(720)	-	-	-
<i>Lady Grey and Herschel Cemetery Layout Plans (EIA) (W13 & 14)</i>	Completion of project to the specification of the engineers	720	720	(720)	-	3 500	-

Description	Unit of measurement	Budget Year 2023/24				Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Vote10 - Sport & Recreation							
Function 1 - Sport Facilities							
Sub-function 1 - Sport Facilities							
<i>Construction of Blue-Gums Sportsfield</i>	Fully functional sport facilities	-	-	4 910	4 910	5 850	-
<i>Upgrading at Khwezi Naledi Stadium and electricity upgrade</i>	Fully functional sport facilities	-	-	-	-	460	-
Vote11 - Public Safety							
Function 1 - Public Safety							
Sub-function 1 - Pounds							
<i>Construction of Animal Pound in Lady Grey Ward 14</i>	Fully functional animal pound	400	400	(400)	-	-	-
Vote12 - Electricity							
Function 1 - Electricity distribution							
Sub-function 1 - Infrastructure							
<i>Pre-Paid Electricity Meters</i>	Completion of project to the specification of the engineers	1 800	1 800	(1 500)	300	2 650	2 809
<i>DOE Projects - Pre Engineering Costs - Rural Connections</i>	Completion of project to the specification of the engineers	-	-	-	-	2 609	4 348
Vote13 - Waste Management							
Function 1 - Refuse							
Sub-function 1 - Waste sites Infrastructure							
<i>Solid Waste Site - Sterkspruit</i>	Completion of project to satisfy specifications of the engineers	1 350	1 350	(1 350)	-	3 660	20 843
<i>Upgrading of Existing Solid Waste Site in Lady Grey</i>	Completion of project to satisfy specifications of the engineers	2 700	2 700	1 306	4 006	-	-
Function 1 - Refuse							
Sub-function 1 - Waste sites Infrastructure							
<i>Construction of Transfer Station in Rhodes</i>	Completion of project to satisfy specifications of the engineers	1 350	1 350	(1 000)	350	500	-

Section 15 - Annual budgets and service delivery agreements - municipal entities and other external mechanisms

ENTITIES

The municipality does not have any entities.

Other Service Delivery Mechanisms.

The municipality has service delivery agreements with external parties for the delivery of the Municipality's services.

Section 16 - Contracts having future budgetary implications

The municipality does not have any roll - over contracts with budget implications.

Section 17 - Capital expenditure details

Capital expenditure details are listed in Supporting Table SB 18(a) to SB 19.

Section 18 - Municipal Manager's quality certification

I, T Mawonga, Municipal Manager of Senqu Municipality, hereby certify that the adjustments 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 adjustments budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

T Mawonga

Municipal Manager of Senqu Municipality

Signature

Date