

TSWELOPELE LOCAL MUNICIPALITY [FS 183]

CIVIC CENTRE, BOSMAN STREET

BULTFONTEIN, 9670

051 853 1111

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ADJUSTMENT BUDGET

2022/2023

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1. PART 1: BUDGET FORMAT

2. Adjustment Budget Report (Mayoral Speech)

The speech to be delivered during the meeting when tabling adjustment budget.

3. Budget resolution by Council.

The resolution pending the council meeting - to be included post the meeting.

4. Executive summary

Tswelopele Municipality's 2022/2023 Budget was tabled to council and was approved on the 31st of May 2022.

The adopted Budget was sent to National and Provincial Treasury as required by the MFMA and MBRR.

Tswelopele is one of the municipalities faced with the challenge of adopting the unfunded budget. This comes as result of amongst others, the long outstanding debts that the municipality needs to address.

Some of these debts includes the Eskom debt for electricity supply amounting to over R 89 million rands as at mid-year, which is almost double the amount that was outstanding from where it was around the same time in the previous financial year. The debt to Sandvet for water at the mid-year, amounts to over R 16 million, which increased by R 6 million as compared to the balance at mid-year in the previous year, as well as the DBSA loan.

In an attempt to address the outstanding debts of the municipality. The management entered in to payment agreement with some of its service providers such as Eskom, Sandvet and DBSA. However, honouring these agreements is also a challenge due to the following reasons amongst others:

- Limited resources available to the municipality;
- Low collection rate: due to slow recovery from the impact of COVID 19 in the economy;
- Low collection rate: due to tariffs that are not yet cost reflective;

It is for this reason that the Accounting Officer performed the mid-year assessment for the 2022/2023 financial year to assess the municipal performance during the first half of the financial year as required by the section 72 of the MFMA.

The mid-year assessment gives an indication to municipal financial performance and status as at mid-way through the year and if there is a need to adjust the budget or not.

As per the assessment performed, the recommendation is that the council of the municipality must adjust its budget.

The Municipal Finance Management Act 56 of 2003 (MFMA) makes provision for municipalities in section 28 (1) to; revise an approved annual budget through an adjustments budget.

In terms of section 28(2)(b) of the MFMA and Section 23(3) of the Municipal Budget and Reporting Requirements (MBRR), municipalities may adjust their budgets through the adjustment budget.

Section 29 further gives provision for the mayor to authorise the unforeseen and unavoidable expenditure which no provision was made in an approved budget.

In line with the above, the municipality performed adjustments on its 2022/2023 budget as presented below:

This adjustment budget summary below gives overview of the adjustments that are made by the municipality on the 2022/2023 budget in the following sections.

Summary of Adjustment Budget

2022/2023ADJUSTMENT BUDGET SUMMARY DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET
Total Operating Revenue	R 196 575 000	R 203 576 000
Total Operating Expenditure (excl non-cash items)	R 193 720 000	R 209 551 000
Total Capital Budget	R 38 430 000	R 45 034 000

The budgeted revenue increased with R 7 million during the adjustment budget process. The significant contribution to this increase result from revenue derived from property rates as well as the amount received from the insurance revenue.

The expenditure increased by R 15 million, the increase can be attributed to different factors such as expenditure on contracted services informed by the increase in the expenditure for chemicals, interest on overdue accounts such as Eskom and Sandvet, audit fees and travelling costs.

The municipality incurred the expenditure relating to purchase of chemicals more than what was budgeted for. This expenditure was informed by use of more chemicals than initially anticipated.

Interest increased by R 2.5 million. The majority of this interest relates to interest charged by Eskom and Sandvet on the long outstanding debt. the possibility of this interest being written-off lies upon the municipality's ability to honour the payment plans.

4.1 Operating revenue overview

Tswelopele Municipal Budget vastly depends on grants from National Government. The operating government grant allocation for 2022/2023 amounts to R 94 million which constitutes almost half of the total budgeted revenue. It is also worth noting that, revenue from other sources such as property rates and services charges, is dependent on the municipal's ability to collect and are not monies guaranteed to be received as budgeted.

The table on the next page shows the adjustments on revenue and the explanation of each adjustment.

4.2 Revenue by source

4.2.1 The table below indicates the revenue by source after all adjustments.

FS183 Tswelopele - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2023

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	27 867	-	-	-	-	-	3 500	3 500	31 367	29 400	31 164
Service charges - electricity revenue	2	53 681	-	-	-	-	-	-	-	53 681	56 633	60 031
Service charges - water revenue	2	5 333	-	-	-	-	-	-	-	5 333	5 626	5 963
Service charges - sanitation revenue	2	6 408	-	-	-	-	-	-	-	6 408	6 760	7 166
Service charges - refuse revenue	2	3 743	-	-	-	-	-	-	-	3 743	3 949	4 186
Rental of facilities and equipment		347	-	-	-	-	-	40	40	387	366	388
Interest earned - external investments		1 300	-	-	-	-	-	-	-	1 300	1 400	1 600
Interest earned - outstanding debtors		281	-	-	-	-	-	-	-	281	296	314
Dividends received		130	-	-	-	-	-	50	50	180	150	150
Fines, penalties and forfeits		596	-	-	-	-	-	-	-	596	628	666
Licences and permits		70	-	-	-	-	-	-	-	70	74	78
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		94 460	-	-	-	-	-	-	-	94 460	98 752	104 608
Other revenue	2	2 360	-	-	-	-	-	3 410	3 410	5 770	1 943	2 030
Gains		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		186 575	-	-	-	-	-	7 000	7 000	203 576	205 978	218 345

Budget on Property rates is increased by R 3.5 million. The municipality implemented the new valuation roll on which billing on the new values commenced from the first of July 2022. The increase in the property rates is informed by the increase in majority of the properties in the new valuation roll.

Budget on rental of facilities and equipment as well budget on dividends received increased by R 40 000 and R 50 000 respectively.

Budget for other revenue increased with R 3.4 million, the main contributor towards this increase is informed by the increase in revenue derived from the insurance revenue. In addition to the increase in other revenue is the amount of revenue received from sales of tender documents.

4.2.2 Grants and Subsidies

FS183 Tswelopele - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28/02/2023

Description	Ref	2022/23							Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted 2	Multi-year capital 3	Nat. or Prov. Govt 4	Other Adjusts. 5	Total Adjusts. 6	Adjusted Budget 7	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F		
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		3 241	-	-	-	-	-	3 241	2 100	2 100
Expanded Public Works Programme Integrated Grant		1 141	-	-	-	-	-	1 141	-	-
Local Government Financial Management Grant		2 100	-	-	-	-	-	2 100	2 100	2 100
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		3 241	-	-	-	-	-	3 241	2 100	2 100
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		35 532	-	-	-	-	-	35 532	36 211	39 144
Municipal Infrastructure Grant		23 256	-	-	-	-	-	23 256	23 260	25 416
Water Services Infrastructure Grant		12 276	-	-	-	-	-	12 276	12 951	13 728
Provincial Government:		-	-	-	-	4 000	4 000	4 000	-	-
Specify (Add grant description)		-	-	-	-	3 000	3 000	3 000	-	-
Specify (Add grant description)		-	-	-	-	1 000	1 000	1 000	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		100	-	-	-	60	60	160	106	112
Education, Training and Development Practices SETA		100	-	-	-	60	60	160	106	112
Total capital expenditure of Transfers and Grants		35 632	-	-	-	4 060	4 060	39 692	36 317	39 256
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		38 873	-	-	-	4 060	4 060	42 933	38 417	41 356

The budget for capital grants increased by R 4 million. The increase is informed by the financial support that municipality will be receiving from the department of Cooperative Governance and Traditional Affairs (CoGTA) as well as Provincial Treasury (PT). These departments have committed to support Tswelopele Local Municipality financially in order to enable the municipality to implement a project of refurbishment of low voltage infrastructure.

The total cost for completion of this project is estimated at R 7 million. The municipality is projected to receive an amount of R 3 million from CoGTA and R 1 million for PT for the current financial year. The rest of the money will be received in the next financial year.

4.3 Operating Expenditure Framework

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Expenditure By Type												
Employee related costs		78 740	-	-	-	-	-	135	135	78 875	81 979	86 773
Remuneration of councillors		6 569	-	-	-	-	-	-	-	6 569	6 930	7 346
Debt impairment		13 000	-	-	-	-	-	0	0	13 000	13 000	13 000
Depreciation & asset impairment		20 000	-	-	-	-	-	-	-	20 000	20 000	20 000
Finance charges		1 500	-	-	-	-	-	2 500	2 500	4 000	1 583	1 677
Bulk purchases - electricity		44 366	-	-	-	-	-	-	-	44 366	58 035	61 517
Inventory consumed		27 102	-	-	-	-	-	(10 219)	(10 219)	16 883	17 364	18 406
Contracted services		26 070	-	-	-	-	-	14 671	14 671	40 741	25 901	27 365
Transfers and subsidies		15	-	-	-	-	-	-	-	15	16	17
Other expenditure		9 358	-	-	-	-	-	8 744	8 744	18 102	9 802	10 348
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		226 720	-	-	-	-	-	15 831	15 831	242 551	234 609	246 448

As evident on the table above, the operating expenditure of the Municipality increased from R 226 million to R 242 million.

The increase of R15 million is exposed below:

- An increase of R 135 000 relates to employee related costs, which increased due to vacant positions that were filled post approval of annual budget, as well as segments that were under budgeted at the beginning of the financial year.
- Increase of R 2.5 million relates to interest charged on municipal long outstanding debts such as Eskom, Sandvet and DBSA;
- Decrease of R 10 million on inventory item was made as a result of an adjustment and reallocation of inventory item segments for purpose of aligning them with mSCOA requirements.
- Increase of R 14 million is informed by increase on expenditure such as chemicals, and audit fees amongst others.
- An increase in other expenditure is informed by increase in expenditure such as, licence fees cleaning detergents; advertisement costs, delegation costs; and travelling costs.

4.3.1 Adjusted capital expenditure

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Capital Expenditure - Functional												
Governance and administration		1 881	-	-	-	-	-	1 894	1 894	3 775	691	702
Executive and council		1 271	-	-	-	-	-	(164)	(164)	1 107	75	79
Finance and administration		610	-	-	-	-	-	2 058	2 058	2 668	616	623
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		1 899	-	-	-	-	-	50	50	1 949	925	1 025
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		1 899	-	-	-	-	-	50	50	1 949	925	1 025
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		4 298	-	-	-	-	-	730	730	5 028	5 378	6 470
Planning and development		55	-	-	-	-	-	-	-	55	58	62
Road transport		4 243	-	-	-	-	-	730	730	4 973	5 320	6 409
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		30 352	-	-	-	-	-	3 930	3 930	34 282	31 037	32 905
Energy sources		5 000	-	-	-	-	-	4 000	4 000	9 000	4 000	5 000
Water management		14 683	-	-	-	-	-	-	-	14 683	16 263	18 146
Waste water management		10 669	-	-	-	-	-	(100)	(100)	10 569	10 673	9 759
Waste management		-	-	-	-	-	-	30	30	30	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	38 430	-	-	-	-	-	6 604	6 604	45 034	38 030	41 102
Funded by:												
National Government		34 532	-	-	-	-	-	-	-	34 532	35 211	38 144
Provincial Government		-	-	-	-	-	-	4 000	4 000	4 000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	34 532	-	-	-	-	-	4 000	4 000	38 532	35 211	38 144
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		3 898	-	-	-	-	-	2 604	2 604	6 502	2 819	2 958
Total Capital Funding		38 430	-	-	-	-	-	6 604	6 604	45 034	38 030	41 102

From the above table, it can be seen that the capital budget has increased by R 6.6 million;

Of this increase, is the amount of R4 million that will be funded by the Provincial government. The purpose of this allocation is to enable the municipality to implement the project of refurbishment of low voltage infrastructure which is currently still at initiation phase.

The total project is estimated at seven million rands, and four million thereof shall be spent before the end of the current financial year.

Additional increase of R 2 million relates to the internal projects funded from municipal's own funds.

5. ADJUSTMENT BUDGET TABLES

FS183 Tswelopele - Table B1 Adjustments Budget Summary - 28/02/2023

Description	2022/23									Budget Year 2023/24	Budget Year 2024/25
	Original Budget	Prior Adjusted	Assum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1	2	3	4	5	6	7	8		
Financial Performance											
Property rates	27 867	-	-	-	-	-	3 500	3 500	31 367	29 400	31 164
Service charges	69 165	-	-	-	-	-	-	-	69 165	72 969	77 347
Investment revenue	1 300	-	-	-	-	-	-	-	1 300	1 400	1 600
Transfers recognised - operational	94 460	-	-	-	-	-	-	-	94 460	98 752	104 608
Other own revenue	3 783	-	-	-	-	-	3 500	3 500	7 283	3 458	3 625
Total Revenue (excluding capital transfers and contributions)	196 675	-	-	-	-	-	7 000	7 000	203 676	206 978	218 946
Employee costs	78 740	-	-	-	-	-	135	135	78 875	81 979	86 773
Remuneration of councillors	6 569	-	-	-	-	-	-	-	6 569	6 930	7 346
Depreciation & asset impairment	20 000	-	-	-	-	-	-	-	20 000	20 000	20 000
Finance charges	1 500	-	-	-	-	-	2 500	2 500	4 000	1 583	1 677
Inventory consumed and bulk purchases	71 468	-	-	-	-	-	(10 219)	(10 219)	61 249	75 399	79 923
Transfers and grants	15	-	-	-	-	-	-	-	15	15	17
Other expenditure	48 428	-	-	-	-	-	23 415	23 415	71 843	48 702	50 713
Total Expenditure	226 720	-	-	-	-	-	16 831	16 831	242 551	234 809	248 448
Surplus/(Deficit)	(30 145)	-	-	-	-	-	(8 831)	(8 831)	(38 875)	(28 831)	(28 104)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	35 532	-	-	-	-	-	4 000	4 000	39 532	36 211	39 144
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	100	-	-	-	-	-	60	60	160	105	112
Surplus/(Deficit) after capital transfers & contributions	6 487	-	-	-	-	-	(4 771)	(4 771)	716	7 888	11 152
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	6 487	-	-	-	-	-	(6 487)	(6 487)	716	7 888	11 152
Capital expenditure & funds sources											
Capital expenditure	38 430	-	-	-	-	-	6 604	6 604	45 034	38 030	41 102
Transfers recognised - capital	34 532	-	-	-	-	-	4 000	4 000	38 532	35 211	38 144
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	3 868	-	-	-	-	-	2 604	2 604	6 472	2 819	2 958
Total sources of capital funds	38 430	-	-	-	-	-	6 604	6 604	45 034	38 030	41 102
Financial position											
Total current assets	118 798	-	-	-	-	-	10 576	10 576	129 373	88 609	59 039
Total non current assets	680 332	-	-	-	-	-	6 604	6 604	686 936	698 362	719 464
Total current liabilities	98 793	-	-	-	-	-	21 951	21 951	120 743	92 483	85 753
Total non current liabilities	54 455	-	-	-	-	-	-	-	54 455	54 455	54 455
Community wealth/Equity	645 882	-	-	-	-	-	(11 722)	(11 722)	634 160	653 588	664 720
Cash flows											
Net cash from (used) operating	31 987	-	-	-	-	-	7 450	7 450	39 437	34 356	37 442
Net cash from (used) investing	(37 930)	-	-	-	-	-	-	-	(37 930)	(38 030)	(41 102)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/leash equivalents at the year end	16 680	-	-	-	-	-	7 450	7 450	24 080	20 406	(8 948)
Cash banking/surplus reconciliation											
Cash and investments available	16 630	-	-	-	-	-	7 450	7 450	24 080	12 956	9 296
Application of cash and investments	(2 582)	-	-	-	-	-	10 364	10 364	7 783	16 585	25 875
Balance - surplus (shortfall)	19 212	-	-	-	-	-	(2 914)	(2 914)	16 297	(3 629)	(26 679)
Asset Management											
Asset register summary (WOV)	680 332	-	-	-	-	-	6 604	6 604	686 936	698 362	719 464
Depreciation	20 000	-	-	-	-	-	-	-	20 000	20 000	20 000
Renewal and Upgrading of Existing Assets	13 301	-	-	-	-	-	4 000	4 000	17 301	14 087	14 976
Repairs and Maintenance	16 105	-	-	-	-	-	(83)	(83)	16 022	16 674	17 674
Free services											
Cost of Free Basic Services provided	8 736	-	-	-	-	-	-	-	8 736	-	-
Revenue cost of free services provided	3 275	-	-	-	-	-	-	-	3 275	-	-
Households below minimum service level											
Water:	514	-	-	-	-	-	-	-	514	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

FS183 Tswelepele - Table B2 Adjustments Budget Financial Performance (functional classification) - 28/02/2023

Standard Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Functional												
Governance and administration		125 778	-	-	-	-	-	11 030	11 030	136 808	131 285	138 170
Executive and council		93 253	-	-	-	-	-	70	70	93 323	97 064	102 942
Finance and administration		32 523	-	-	-	-	-	10 960	10 960	43 483	34 221	36 228
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		994	-	-	-	-	-	10	10	1 004	1 049	1 112
Community and social services		57	-	-	-	-	-	30	30	87	60	64
Sport and recreation		937	-	-	-	-	-	(20)	(20)	917	988	1 048
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		18 851	-	-	-	-	-	20	20	18 871	19 877	20 857
Planning and development		110	-	-	-	-	-	-	-	110	116	123
Road transport		18 541	-	-	-	-	-	20	20	18 561	19 561	20 734
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		88 788	-	-	-	-	-	-	-	88 788	90 284	96 481
Energy sources		59 027	-	-	-	-	-	-	-	59 027	60 998	65 418
Water management		17 609	-	-	-	-	-	-	-	17 609	18 577	19 692
Waste water management		6 408	-	-	-	-	-	-	-	6 408	6 760	7 166
Waste management		3 743	-	-	-	-	-	-	-	3 743	3 949	4 186
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	232 207	-	-	-	-	-	11 080	11 080	243 287	242 295	257 600
Expenditure - Functional												
Governance and administration		89 208	-	-	-	-	-	16 138	16 138	105 346	90 954	94 270
Executive and council		38 095	-	-	-	-	-	4 505	4 505	42 600	37 860	38 897
Finance and administration		51 113	-	-	-	-	-	11 632	11 632	62 745	53 094	55 373
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		9 680	-	-	-	-	-	54	54	9 734	10 212	10 813
Community and social services		4 370	-	-	-	-	-	54	54	4 424	4 610	4 874
Sport and recreation		5 310	-	-	-	-	-	(20)	(20)	5 290	5 602	5 938
Public safety		-	-	-	-	-	-	20	20	20	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		24 773	-	-	-	-	-	(545)	(545)	24 228	25 083	26 558
Planning and development		7 055	-	-	-	-	-	(455)	(455)	6 600	6 396	6 756
Road transport		17 718	-	-	-	-	-	(90)	(90)	17 627	18 687	19 801
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		103 081	-	-	-	-	-	184	184	103 265	108 361	114 808
Energy sources		51 196	-	-	-	-	-	-	-	51 196	65 189	69 046
Water management		30 235	-	-	-	-	-	142	142	30 377	20 353	21 574
Waste water management		12 124	-	-	-	-	-	(108)	(108)	12 016	12 790	13 558
Waste management		9 506	-	-	-	-	-	150	150	9 656	10 029	10 630
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	226 720	-	-	-	-	-	15 830	15 830	242 551	234 809	246 448
Surplus/ (Deficit) for the year		5 487	-	-	-	-	-	(4 771)	(4 771)	716	7 886	11 152

FS183 Tswelopele - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2023

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	27 867	-	-	-	-	-	3 500	3 500	31 367	29 400	31 164
Service charges - electricity revenue	2	53 681	-	-	-	-	-	-	-	53 681	56 633	60 031
Service charges - water revenue	2	5 333	-	-	-	-	-	-	-	5 333	5 626	5 963
Service charges - sanitation revenue	2	6 408	-	-	-	-	-	-	-	6 408	6 760	7 166
Service charges - refuse revenue	2	3 743	-	-	-	-	-	-	-	3 743	3 949	4 186
Rental of facilities and equipment		347	-	-	-	-	-	40	40	387	366	388
Interest earned - external investments		1 300	-	-	-	-	-	-	-	1 300	1 400	1 600
Interest earned - outstanding debtors		281	-	-	-	-	-	-	-	281	296	314
Dividends received		130	-	-	-	-	-	50	50	180	150	150
Fines, penalties and forfeits		596	-	-	-	-	-	-	-	596	628	666
Licences and permits		70	-	-	-	-	-	-	-	70	74	78
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		94 460	-	-	-	-	-	-	-	94 460	98 752	104 608
Other revenue	2	2 360	-	-	-	-	-	3 410	3 410	5 770	1 943	2 030
Gains		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		196 575	-	-	-	-	-	7 000	7 000	203 576	205 978	210 345
Expenditure By Type												
Employee related costs		78 740	-	-	-	-	-	135	135	78 875	81 979	86 773
Remuneration of councillors		6 569	-	-	-	-	-	-	-	6 569	6 930	7 346
Debt impairment		13 000	-	-	-	-	-	0	0	13 000	13 000	13 000
Depreciation & asset impairment		20 000	-	-	-	-	-	-	-	20 000	20 000	20 000
Finance charges		1 500	-	-	-	-	-	2 500	2 500	4 000	1 583	1 677
Bulk purchases - electricity		44 366	-	-	-	-	-	-	-	44 366	58 035	61 517
Inventory consumed		27 102	-	-	-	-	-	(10 219)	(10 219)	16 883	17 364	18 406
Contracted services		26 070	-	-	-	-	-	14 671	14 671	40 741	25 901	27 365
Transfers and subsidies		15	-	-	-	-	-	-	-	15	16	17
Other expenditure		9 358	-	-	-	-	-	8 744	8 744	18 102	9 802	10 348
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		226 720	-	-	-	-	-	15 831	15 831	242 551	234 609	246 448
Surplus/(Deficit)		(30 145)	-	-	-	-	-	(8 831)	(8 831)	(38 976)	(28 631)	(28 104)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		35 532	-	-	-	-	-	4 000	4 000	39 532	36 211	39 144
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		100	-	-	-	-	-	60	60	160	106	112
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		5 487	-	-	-	-	-	(4 771)	(4 771)	716	7 686	11 152
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		5 487	-	-	-	-	-	(4 771)	(4 771)	716	7 686	11 152
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		5 487	-	-	-	-	-	(4 771)	(4 771)	716	7 686	11 152
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		5 487	-	-	-	-	-	(4 771)	(4 771)	716	7 686	11 152

FS183 Tswelopele - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2023

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Executive		1 326	-	-	-	-	-	(164)	(164)	1 162	133	141
Vote 2 - Budget and Treasury Office		550	-	-	-	-	-	2 010	2 010	2 560	553	556
Vote 3 - Community and Social Services		1 075	-	-	-	-	-	50	50	1 125	-	-
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		825	-	-	-	-	-	-	-	825	925	1 025
Vote 6 - Waste Management		-	-	-	-	-	-	30	30	30	-	-
Vote 7 - Waste Water Management		10 669	-	-	-	-	-	(100)	(100)	10 569	10 673	9 759
Vote 8 - Road Transport		4 243	-	-	-	-	-	730	730	4 973	5 320	6 409
Vote 9 - Water		14 683	-	-	-	-	-	-	-	14 683	16 363	18 146
Vote 10 - Electricity		5 000	-	-	-	-	-	4 000	4 000	9 000	4 000	5 000
Vote 11 - Corporate Services		60	-	-	-	-	-	48	48	108	63	67
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		38 430	-	-	-	-	-	6 604	6 604	45 034	38 030	41 102
Total Capital Expenditure - Vote		38 430	-	-	-	-	-	6 604	6 604	45 034	38 030	41 102
Capital Expenditure - Functional												
Governance and administration		1 881	-	-	-	-	-	1 894	1 894	3 775	691	702
Executive and council		1 271	-	-	-	-	-	(164)	(164)	1 107	75	79
Finance and administration		610	-	-	-	-	-	2 058	2 058	2 668	616	623
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		1 899	-	-	-	-	-	50	50	1 949	925	1 025
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		1 899	-	-	-	-	-	50	50	1 949	925	1 025
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		4 298	-	-	-	-	-	730	730	5 028	5 378	6 470
Planning and development		55	-	-	-	-	-	-	-	55	58	62
Road transport		4 243	-	-	-	-	-	730	730	4 973	5 320	6 409
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		30 352	-	-	-	-	-	3 930	3 930	34 282	31 037	32 905
Energy sources		5 000	-	-	-	-	-	4 000	4 000	9 000	4 000	5 000
Water management		14 683	-	-	-	-	-	-	-	14 683	16 363	18 146
Waste water management		10 669	-	-	-	-	-	(100)	(100)	10 569	10 673	9 759
Waste management		-	-	-	-	-	-	30	30	30	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	38 430	-	-	-	-	-	6 604	6 604	45 034	38 030	41 102
Funded by:												
National Government		34 532	-	-	-	-	-	-	-	34 532	35 211	38 144
Provincial Government		-	-	-	-	-	-	4 000	4 000	4 000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	34 532	-	-	-	-	-	4 000	4 000	38 532	35 211	38 144
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		3 898	-	-	-	-	-	2 604	2 604	6 502	2 819	2 958
Total Capital Funding		38 430	-	-	-	-	-	6 604	6 604	45 034	38 030	41 102

FS183 Tswelopele - Table B6 Adjustments Budget Financial Position - 28/02/2023

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash		7 441	-					7 450	7 450	14 891	3 766	107
Call investment deposits	1	9 189	-					-	-	9 189	9 189	9 189
Consumer debtors	1	96 084	-	-	-	-	-	3 550	3 550	99 634	70 084	44 084
Other debtors		5 331	-					-	-	5 331	5 331	5 331
Current portion of long-term receivables		-	-					-	-	-	-	-
Inventory		753	-	-	-	-	-	(424)	(424)	328	328	328
Total current assets		118 798	-	-	-	-	-	10 576	10 576	129 373	88 699	59 039
Non current assets												
Long-term receivables		-	-					-	-	-	-	-
Investments		-	-					-	-	-	-	-
Investment property		110 039	-					-	-	110 039	110 039	110 039
Investment in Associate		-	-					-	-	-	-	-
Property, plant and equipment	1	568 919	-	-	-	-	-	6 604	6 604	575 523	586 949	608 051
Biological		1 373	-					-	-	1 373	1 373	1 373
Intangible		-	-					-	-	-	-	-
Other non-current assets		-	-					-	-	-	-	-
Total non current assets		680 332	-	-	-	-	-	6 604	6 604	686 936	698 362	719 464
TOTAL ASSETS		799 129	-	-	-	-	-	17 180	17 180	816 309	787 061	778 503
LIABILITIES												
Current liabilities												
Bank overdraft		-	-					-	-	-	-	-
Borrowing		2 637	-	-	-	-	-	-	-	2 637	2 637	2 637
Consumer deposits		1 512	-					-	-	1 512	1 512	1 512
Trade and other payables		93 821	-	-	-	-	-	21 951	21 951	115 772	87 491	80 781
Provisions		822	-					-	-	822	822	822
Total current liabilities		98 793	-	-	-	-	-	21 951	21 951	120 743	92 463	85 753
Non current liabilities												
Borrowing	1	5 853	-	-	-	-	-	-	-	5 853	5 853	5 853
Provisions	1	48 602	-	-	-	-	-	-	-	48 602	48 602	48 602
Total non current liabilities		54 455	-	-	-	-	-	-	-	54 455	54 455	54 455
TOTAL LIABILITIES		153 247	-	-	-	-	-	21 951	21 951	175 198	146 917	140 207
NET ASSETS	2	645 882	-	-	-	-	-	(4 771)	(4 771)	641 111	640 144	638 296
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		645 882	-	-	-	-	-	(4 771)	(4 771)	641 111	653 568	664 720
Reserves		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		645 882	-	-	-	-	-	(4 771)	(4 771)	641 111	653 568	664 720

FS183 Tswelopele - Table B7 Adjustments Budget Cash Flows - 28/02/2023

Description	Ref	2022/23								Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H	
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		28 396	-					-	-	28 396	29 958
Service charges		69 165	-					-	-	69 165	72 969
Other revenue		2 625	-					3 400	3 400	6 025	2 750
Transfers and Subsidies - Operational	1	94 560	-					-	-	94 560	98 858
Transfers and Subsidies - Capital	1	35 532	-					4 000	4 000	39 532	36 211
Interest		1 430	-					50	50	1 480	1 550
Dividends		-	-					-	-	-	-
Payments											
Suppliers and employees		(198 220)	-					-	-	(198 220)	(206 357)
Finance charges		(1 500)	-					-	-	(1 500)	(1 583)
Transfers and Grants	1	-	-					-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		31 987	-	-	-	-	-	7 450	7 450	39 437	34 356
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		500	-					-	-	500	-
Decrease (increase) in non-current receivables		-	-					-	-	-	-
Decrease (increase) in non-current investments		-	-					-	-	-	-
Payments											
Capital assets		(38 430)	-					-	-	(38 430)	(41 102)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(37 930)	-	-	-	-	-	-	-	(37 930)	(38 030)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short-term loans		-	-					-	-	-	-
Borrowing long term/refinancing		-	-					-	-	-	-
Increase (decrease) in consumer deposits		-	-					-	-	-	-
Payments											
Repayment of borrowing		-	-					-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(5 943)	-	-	-	-	-	7 450	7 450	1 507	(3 674)
Cash/cash equivalents at the year begin:	2	22 573	-					-	-	22 573	24 080
Cash/cash equivalents at the year end:	2	16 630	-					7 450	7 450	24 080	20 406

FS183 Tswelopele - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28/02/2023

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
<u>Cash and investments available</u>												
Cash/cash equivalents at the year end	1	16 630	-	-	-	-	-	7 450	7 450	24 080	20 406	(6 948)
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	(7 450)	16 244
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		16 630	-	-	-	-	-	7 450	7 450	24 080	12 956	9 296
<u>Applications of cash and investments</u>												
Unspent conditional transfers		-	-	-	-	-	-	(60)	(60)	(60)	-	-
Unspent borrowing									-	-		
Statutory requirements		5 331	-					(5 331)	(5 331)	0	5 331	5 331
Other working capital requirements	2	(7 090)	-					21 906	21 906	14 816	12 076	31 367
Other provisions		(822)	-					822	822	0	(822)	(822)
Long term investments committed		-	-					-	-	-	-	-
Reserves to be backed by cash/investments		-	-					-	-	-	-	-
Total Application of cash and investments:		(2 582)	-	-	-	-	-	17 338	17 338	14 756	16 585	35 875
Surplus(shortfall)		19 212	-	-	-	-	-	(9 888)	(9 888)	9 324	(3 629)	(26 579)

FS183 Tawalegale - Table B9 Asset Management - 28/02/2023

Description	Ref	2022/23										Budget Year 2023/24		Budget Year 2024/25	
		Original Budget A	Prior Adjusted A1	Accum. Funds B	Multi-year Capital C	Unexp. Unrev. D	Mat. or Prev. Curr. E	Other Adjusts. F	Total Adjusts. G	Adjusted Budget H	Adjusted Budget I	Budgeted Budget	Adjusted Budget	Budgeted Budget	Adjusted Budget
IT Infrastructure															
CAPITAL EXPENDITURE															
Total New Assets to be acquired	1	25 128						2 684	2 684	27 733		23 843		26 125	
Roofs Infrastructure															
Storm water Infrastructure		2 843										2 843		2 843	
Electrical Infrastructure		5 000										5 000		5 000	
Water Supply Infrastructure		90										90		90	
Sewerage Infrastructure		12 514										12 514		12 514	
Roof Infrastructure															
Roofs Infrastructure															
Information and Communications Infrastructure															
Infrastructure		20 449										20 449		20 449	
Community Facilities		1 075										1 075		1 075	
Sport and Recreation Facilities															
Community Assets															
Heritage Assets															
Revenue Generating															
Non-revenue Generating															
Investment properties															
Operational Buildings															
Housing															
Other Assets															
Biological or Cultivated Assets															
Services															
License and Rights															
Intangible Assets															
Computer Equipment		736						2 094	2 094	2 830		749		764	
Furniture and Office Equipment		1 470						(220)	(220)	1 250		286		302	
Machinery and Equipment		1 400						730	730	2 130		1 477		1 566	
Transport Assets															
Land															
200% Marine and Non-biological Animals															
Total Movement of Existing Assets to be adjusted	2	4 888						4 888	4 888	4 888					
Roofs Infrastructure															
Storm water Infrastructure															
Electrical Infrastructure															
Water Supply Infrastructure		4 000										4 000		4 000	
Sewerage Infrastructure															
Roof Infrastructure															
Roofs Infrastructure															
Information and Communications Infrastructure															
Infrastructure															
Community Facilities															
Sport and Recreation Facilities															
Community Assets															
Heritage Assets															
Revenue Generating															
Non-revenue Generating															
Investment properties															
Operational Buildings															
Housing															
Other Assets															
Biological or Cultivated Assets															
Services															
License and Rights															
Intangible Assets															
Computer Equipment															
Furniture and Office Equipment															
Machinery and Equipment															
Transport Assets															
Land															
200% Marine and Non-biological Animals															
Total Movement of Existing Assets to be adjusted	2a	13 381						13 381	13 381	13 381		14 887		14 876	
Roofs Infrastructure															
Storm water Infrastructure															
Electrical Infrastructure															
Water Supply Infrastructure		12 276										12 276		12 276	
Sewerage Infrastructure		200										200		200	
Roof Infrastructure															
Roofs Infrastructure															
Information and Communications Infrastructure															
Infrastructure		12 476										12 476		12 476	
Community Facilities															
Sport and Recreation Facilities															
Community Assets		826										826		826	
Heritage Assets		826										826		826	
Revenue Generating															
Non-revenue Generating															
Investment properties															
Operational Buildings															
Housing															
Other Assets															
Biological or Cultivated Assets															
Services															
License and Rights															
Intangible Assets															
Computer Equipment															
Furniture and Office Equipment															
Machinery and Equipment															
Transport Assets															
Land															
200% Marine and Non-biological Animals															
Total Capital Expenditure to be adjusted	4	38 430						6 604	6 604	45 034		38 030		41 102	
Roofs Infrastructure															
Storm water Infrastructure		2 843										2 843		2 843	
Electrical Infrastructure		5 000										5 000		5 000	
Water Supply Infrastructure		12 268										12 268		12 268	
Sewerage Infrastructure		12 714										12 714		12 714	
Roof Infrastructure															
Roofs Infrastructure															
Information and Communications Infrastructure															
Infrastructure		32 926										32 926		32 926	
Community Facilities		1 075										1 075		1 075	
Sport and Recreation Facilities															
Community Assets		826										826		826	
Heritage Assets		826										826		826	
Revenue Generating															
Non-revenue Generating															
Investment properties															
Operational Buildings															
Housing															
Other Assets															
Biological or Cultivated Assets															
Services															
License and Rights															
Intangible Assets															
Computer Equipment		736						2 094	2 094	2 830		749		764	
Furniture and Office Equipment		1 470						(220)	(220)	1 250		286		302	
Machinery and Equipment		1 400						730	730	2 130		1 477		1 566	
Transport Assets															
Land															
200% Marine and Non-biological Animals															
Total Capital Expenditure to be adjusted	4	38 430						6 604	6 604	45 034		38 030		41 102	
Roofs Infrastructure															
Storm water Infrastructure		2 843										2 843		2 843	
Electrical Infrastructure		5 000										5 000		5 000	
Water Supply Infrastructure		12 268										12 268		12 268	
Sewerage Infrastructure		12 714										12 714		12 714	
Roof Infrastructure															
Roofs Infrastructure															
Information and Communications Infrastructure															
Infrastructure		32 926										32 926		32 926	
Community Facilities		1 075										1 075		1 075	
Sport and Recreation Facilities															
Community Assets		826										826		826	
Heritage Assets		826										826		826	
Revenue Generating															
Non-revenue Generating															
Investment properties															
Operational Buildings															
Housing															
Other Assets															
Biological or Cultivated Assets															
Services															
License and Rights															
Intangible Assets															
Computer Equipment		736						2 094	2 094	2 830		749		764	

FS183 Tswelopele - Table B10 Basic service delivery measurement - 28/02/2023

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling		3825000							-	3 825		
Piped water inside yard (but not in dwelling)		7022000							-	7 022		
Using public tap (at least min.service level)	2	632000							-	632		
Other water supply (at least min.service level)									-	-		
Minimum Service Level and Above sub-total		11 479	-	-	-	-	-	-	-	11 479	-	-
Using public tap (< min.service level)	3								-	-		
Other water supply (< min.service level)	3,4	514000							-	514		
No water supply									-	-		
Below Minimum Service Level sub-total		514	-	-	-	-	-	-	-	514	-	-
Total number of households	5	11 993	-	-	-	-	-	-	-	11 993	-	-
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		11992							-	11 992		
Flush toilet (with septic tank)									-	-		
Chemical toilet									-	-		
Pit toilet (ventilated)									-	-		
Other toilet provisions (> min.service level)									-	-		
Minimum Service Level and Above sub-total		11 992	-	-	-	-	-	-	-	11 992	-	-
Bucket toilet									-	-		
Other toilet provisions (< min.service level)									-	-		
No toilet provisions									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	11 992	-	-	-	-	-	-	-	11 992	-	-
Energy:												
Electricity (at least min. service level)		11993							-	11 993		
Electricity - prepaid (> min.service level)									-	-		
Minimum Service Level and Above sub-total		11 993	-	-	-	-	-	-	-	11 993	-	-
Electricity (< min.service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	11 993	-	-	-	-	-	-	-	11 993	-	-
Refuse:												
Removed at least once a week (min.service)		11993							-	11 993		
Minimum Service Level and Above sub-total		11 993	-	-	-	-	-	-	-	11 993	-	-
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	11 993	-	-	-	-	-	-	-	11 993	-	-

6. Explanatory Notes to Adjustment Budget Tables

Explanatory Notes to Table B1: Table B1 is a summary of the budget of Tswelopele Local Municipality that gives an overview of the budget. This is the most important as it gives users of the budget a “snapshot” of what is going to follow in the next nine (9) main table. It includes, the following key aspects –

- **Financial Performance:** This is a summary of income statement of the Municipality.
- **Capital Expenditure and funding sources:** This gives a brief overview of the capital expenditure and its funding sources.
- **Financial Position:** This is the balance sheet of Tswelopele Local Municipality.
- **Cash Flow:** This gives a brief overview of the Cash flow of the Municipality.
- **Asset Management:** This is the overview of the total assets of the Municipality.
- **Free Services:** This section gives the total amount of free basic services as provided by the municipality.

Explanatory Notes to Table B2: Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table B4 as Table B4 exclude capital transfers

Explanatory Note to Table B3: Table B3 is an overview of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. Profits made on these services are used to subsidise non-trading services.

Explanatory note on table B4: Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the budgeted revenue of Tswelopele Local Municipality. Transfers recognised – operating includes the local

government equitable share and other operating grants from national and provincial government. Major component of expenditure relates to employee costs.

Currently the municipality is providing and billing Property rates and service charges as follows:

- Property rates:

The municipality is charging property rates in line with the policy. As of the first of July 2022, the municipality implemented the new valuation roll as per the requirements of the Municipal Property Rates Act.

- Electricity:

The municipality is only licenced to provide electricity in Bultfontein and Hoopstad. Phahameng and Tikwana purchase their electricity direct from Eskom.

- Water:

Municipality bills Phahameng and Tikwana on flat rate, Bultfontein and Hoopstad are billed on consumption basis.

All municipal clients are entitled to first free 6 kl per month. However, the indigent households receive hundred percent relief benefit on water billing.

- Sewerage and refuse:

Sewerage and refuse are provided on flat rate around the whole municipality.

Explanatory note on Table B5: Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from

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

Explanatory Notes to Table B6: Table B6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet). This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Explanatory note to Table B7: The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Tswelopele municipal’s budget is currently not funded due to the long outstanding debt with services such as Eskom and Sandvet.

This gave rise to development of funding plan that is submitted together with this budget.

Explanatory note to table B8: The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

7. PART 2: BUDGET FORMAT

8. Adjustment budget assumptions

Municipal Financial Management Act (MFMA) mentions six (6) steps (i.e. Planning, Strategizing, Preparing, Tabling, Consulting and Finalising/ Adopting) that the municipality must follow in order to prepare the annual budget that is credible. The planning and strategizing processes started with the preparation of budget timelines as required by MFMA and IDP review process plan. 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 annual 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 adjustment budget was prepared on the incremental budgeting process with the assumption that goods and services as previously budgeted will increase by a certain percentage which is more than the current CPI and zero-based budgeting mainly on Petrol and Diesel. National Circular 84 and 85 as well Provincial Treasury circular 1 were used for other assumptions of the budget and the following are some of the assumptions made:

- Economic climate and poverty levels within the Municipality will remain the same /constant for major part of the financial year given the limited economic activities within the Municipality.
- Cash flow projections will strictly be maintained to ensure that the municipality will meet its financial obligations.
- Operating costs will be maintained at current levels or reduced as cost containment measures and where there is material decrease in revenue collection rate, expenditure will have to be reduced at the same proportion

9. FUNDING OF THE BUDGET ADJUSTMENT

MFMA section 18 states that the expenditure of the budget may only be funded from:

- Realistically anticipated revenue to be collected
- Cash-backed accumulated funds from Previous years' surpluses not committed for other purpose
- Borrowed funds, but only for capital budget referred to in section 17 (2)

Tswelopele Local Municipality's adjusted operating budget is funded from: grants; service charges and other revenue. The capital budget of the municipality is funded from the MIG grant and own internally generated funds.



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MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, **T Matyesini**, the acting Municipal Manager of **TSWELOPELE LOCAL MUNICIPALITY (FS 183)**, hereby certify that the Adjustment 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.

Signature: _____

Date: _____