

TSWELOPELE LOCAL MUNICIPALITY

FS 183

CIVIC CENTRE, BOSMAN STREET

BULTFONTEIN, 9670

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www.tswelopele.gov.za

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MTREF

2025/2026–2027/2028

**PREPARED IN ACCORDANCE WITH BUDGET REGULATIONS, MFMA
CIRCULARS**

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PART 1

1. Mayoral Report by the Mayor

BUDGET SPEECH FOR 2025/2026 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR DRAFT BUDGET PURPOSES

- *The Mayoral Budget speech will be presented during the final budget approval meeting and will be availed post the meeting.*

2. Budget resolution by Council

- *Council resolution will be availed after the meeting.*

3. Executive summary

Tswelopele Local Municipality budget process started in August 2024 in line with section 21 (b) of the Municipal Finance Management Act, which states that at least ten months before the start of the budget year, the mayor must table time schedule outlining the key deadlines. Subsequent to the approval, the schedule was sent to the relevant stakeholders and the processes pertaining to the review of the IDP and compilation of the draft annual budget been undertaken as per the schedule.

The municipality vastly depends on grants from national government as majority of its revenue is made up of equitable shares and other Operational Grants [i.e. Financial Management Grant, and a grant from Public Works]. Table SA 18 on the municipality annual budget tables clearly distinguishes between all these different allocations, total operating grants allocated to the municipality amount to R 109.7 million. This allocation has increased with only R 4.3 million compared to 2024/2025 operating grants allocation. The R 4.3 million increase relates to the increase of 6 percent in equitable share allocation.

According to census statistics, the municipality comprises a total population of 56 896 which translates to 14 798 households (*Census 2022*), of which over 70% are poor. The municipality subsidises the indigent households within the municipality with Free Basic services on monthly basis. Amongst others, the challenge faced by the municipality is that some of the indigent households do not register during the indigent registration process, which leads the municipal debt book growing.

In order to strengthen and improve the indigent status update, the municipality came with initiative of amending the indigent policy during 2022/2023 budget year, by including the conditions such as making pensioners and disabled indigents permanent to avoid renewal of applications annually, any other application will be valid for period of three years. The current three-year cycle runs from July 2024 – June 2027. From July 2027, the registration will start from scratch.

Currently the outstanding debtors of the municipality are standing at over R 200 million as at the end of February 2025.

In an attempt to recoup the money from the municipality's outstanding debtors, the municipality is in the process of appointing a debt collector through the RT27 transversal contract – debt collection. In addition to debtor collection the appointed debt collector will assist with the municipality with debt collection.

The proceeds from the debt collection activities together with the proceeds from the activities in the municipality's financial recovery plan will assist the municipality to furnish the long outstanding debt towards Eskom and Sandvet.

Budget Assumptions:

- National Treasury MFMA Circular 129 was used to guide in the compilation of the 2025/2026 Medium Term Revenue and Expenditure Framework.
- The following budget principles and guidelines informed the compilation of the 2025/2026 Medium Term revenue and expenditure framework:
 - 2024/2025 MFMA Section 72 report – mid-term assessment report;
 - 2024/2025 Adjustment Budget;
 - Average CPI inflation from 1 April 2024 to 31 March 2025
 - National Treasury Guidelines and other circulars
 - National and Provincial Budget speeches

Total revenue is anticipated to grow in the mid-term. The growth will be informed by the increase in tariffs on service charges as well increase in operational grants allocation.

The municipality aligned its budget to the national and provincial priorities, mentioned below are some of the National and Provincial priorities:

- ☐ National Priorities
 - ☐ Increase access to basic services

- Sustainable employment growth through increased public investment spending
- Responding to electricity crisis
- Dealing with corruption and theft
- Building better lives
- Provincial priorities
 - Fighting Poverty
 - Reduce Crime

Tswelopele local Municipality prepared its budget with all these priorities in consideration [e.g. sustainable employment: job creation through MIG and EPWP and provincial priorities such as fighting poverty].

Currently the municipality has eradicated all the buckets in its jurisdiction.

All households within Tswelopele municipality have access to water, mentioned below is the progress made to address any backlogs in the municipality:

- All households have access to water and sanitation
- All households are connected to public sewerage network

3.1. Operating revenue overview

Tswelopele Local Municipality has implemented a financial recovery plan, although the strategy still needs to be updated and monitored regularly.

The purpose of the financial recovery plan is to improve municipal revenue and ultimately address the municipality's long outstanding debt towards Eskom and Sandvet.

The following key components were used in terms of budgeted revenue of the municipality:

- National Treasury MFMA Circulars
- Estimated Electricity Tariff increases pending the approval of the National Electricity Regulator of South Africa
- Latest Valuation roll in terms of Municipal Property Rates Act, Act 6 of 2004 as amended
- Municipality's indigent policy
- Tariff Policy of the Municipality
- Tariff Increases for Water, Refuse and Sewerage
- Targeted revenue collection rate averaging 100% of the billed revenue.

The table in the next page summarises the 2025/2026 revenue by source

As it can be seen from the table below, that throughout MTREF, the Municipality is reliant on Transfers and Subsidies (National and provincial grants) and would not be able to sustain itself long enough without these transfers. Of the total revenue budgeted, only these transfers are guaranteed to be received. The other revenue sources are only anticipated and might not be realised as such.

FS183 Tswelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	46 530	46 785	50 738	75 918	56 025	56 025	39 818	66 525	69 902	74 156
Service charges - Water	2	5 359	5 551	6 988	11 226	8 221	8 221	6 091	9 828	10 414	11 152
Service charges - Waste Water Management	2	8 106	3 938	7 272	12 626	8 626	8 626	6 238	8 715	9 240	9 902
Service charges - Waste Management	2	3 891	3 756	4 044	13 594	9 094	9 094	3 609	5 331	5 687	6 135
Sale of Goods and Rendering of Services		771	784	696	1 435	1 385	1 385	698	1 456	1 529	1 621
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	-	-	-	-	-	-	-
Interest earned from Current and Non Current Assets		670	1 883	3 229	2 382	3 200	3 200	2 439	3 219	3 380	3 583
Dividends		96	99	141	210	240	240	162	241	254	269
Rent on Land		1 058	566	595	633	600	600	562	600	630	668
Rental from Fixed Assets		776	1 340	1 050	543	520	520	866	520	546	579
Licence and permits		97	132	94	89	530	530	622	545	572	607
Special Rating Levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		2 318	2 840	428	942	5 445	5 445	241	5 402	5 422	5 447
Non-Exchange Revenue											
Property rates	2	26 384	38 468	41 571	34 887	30 942	30 942	30 554	42 871	45 015	47 716
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		523	108	932	933	1 066	1 066	650	1 012	1 063	1 126
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		82 587	99 979	101 480	105 259	104 118	104 118	79 521	109 873	111 396	111 738
Interest		3 173	6 278	6 755	22 150	22 150	22 150	5 059	46 000	55 000	58 300
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont		182 340	212 507	226 013	282 827	252 163	252 163	177 129	302 140	320 049	332 998

Table 2: Grants

FS183 Tswelopele - Supporting Table SA18 Transfers and grant receipts										
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		91 502	106 226	103 156	106 394	104 118	78 555	109 723	111 138	111 471
Expanded Public Works Programme Integrated Grant		-	-	-	1 335	1 335	1 335	1 659	-	-
Local Government Financial Management Grant		-	-	-	2 100	2 100	-	2 100	2 200	2 300
Water Services Infrastructure Grant		12 000	12 276	5 912	-	-	-	-	-	-
Equitable Share		79 502	93 950	97 245	102 959	100 683	77 220	105 964	108 938	109 171
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	91 502	106 226	103 156	106 394	104 118	78 555	109 723	111 138	111 471
Capital Transfers and Grants										
National Government:		-	5 000	1 361	46 020	46 020	7 457	37 721	44 212	51 152
Energy Efficiency and Demand Side Management Grant		-	5 000	-	-	-	-	-	-	5 000
Municipal Infrastructure Grant		-	-	-	28 563	28 563	-	19 281	20 602	21 368
Integrated National Electrification Programme Grant		-	-	-	501	501	501	-	1 500	1 568
Regional Bulk Infrastructure Grant		-	-	1 361	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	16 956	16 956	6 956	18 440	22 110	23 216
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	5 000	1 361	46 020	46 020	7 457	37 721	44 212	51 152
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	91 502	111 226	104 517	152 414	150 138	86 012	147 444	155 350	162 623

The table above presents the National and Provincial Grants allocation in line with the Division of Revenue Act allocation Bill. Only allocations under schedule 5B grants are reflected in budget document. All other allocations in terms of schedule 6B of the Division of Revenue are allocation-in-kind and will not be included in the table above due to the fact that transactions for projects funded through schedule 6B allocations are recognised only when the projects are completed. Total grants received will increase in 2026/2027 and 2027/2028 due to increase in equitable share allocation.

Different components of revenue will be discussed in this page

3.1.1. Electricity

Tswelopele Local Municipality comprises of 2 townships (Phahameng and Tikwana) and 2 towns (Bultfontein and Hoopstad), and according to the latest census 2022 result, the municipality has 14 798 households. Out of these 14 798 households, the Municipality only sells electricity to about 1350 households and the rest are serviced by Eskom. The Municipality buys bulk electricity from Eskom to sell to these households and businesses in Bultfontein and Hoopstad respectively.

In the 2023-2024 financial year, the municipality prepared the cost of supply as required by the National Energy Regulator of South Africa (NERSA) in support for the 2024-2025 electricity tariff increase application. The cost of supply and the 2024-2025 tariff increase was approved by NERSA. The cost of supply is valid for 5 years and will be used for the 2025-2026 tariff increase application.

The municipality is proposing an average increase of 12.5 % on electricity tariffs for 2025/2026 financial year to ensure that ultimately the municipality's tariff is cost reflective.

Tswelopele Local Municipality target indigent households as per the approved indigent register for free basic electricity. All indigent households including those supplied by Eskom receive 50Kwh on a monthly basis.

3.1.2. Water

The Municipality is billing the townships at a flat rate, the intention is to bill them on consumption basis in the future. However, the water infrastructure needs to be upgraded/repared for this target to be achieved. Billing of townships on consumption-base will only be implemented when the water meters are repaired. A project funded by MIG for the repairs of the water infrastructure and installation of prepaid water meters will commence in the 2025/2026 financial year.

The Municipality proposed an increase of 6.0 % for the water tariff.

Free water is only provided to indigent households as per the council approved Indigent register.

3.1.3. Sanitation (Sewerage)

A tariff increase of 6.0% for sanitation from 1 July 2025 is proposed. The following factors contributed to the proposed tariff:

- Sanitation charges are charged at a flat rate, irrespective of the quantity of water used / consumed;
- Free Sanitation is only provided to indigent households as per the council approved Indigent register;
- There is no inclining tariff structure for sanitation consumption;
- Proposed tariff is in line with the CPI for 2025/2026.

3.1.4. Waste Removal

The proposed tariff increase for waste removal is 6%; the proposed increase is in line with CPI for 2025/2026. The following factors were considered for the proposed tariff increase:

- Waste removal charges are charged at a flat rate, irrespective of amount of waste removed
- The increment will also cover the wear and tear off all the trucks and vehicles used to provide this service;
- Waste removal is provided for free to all the households who are indigent;
- All 14 798 households waste are removed once a week;

3.1.5. Property rates

Property rates is a statutory tax charged on all property owners within the jurisdiction of the Municipality. The tax is imposed in accordance to section 229 of the Constitution of South Africa and Municipal Property rates act, act 6 of 2004 (MPRA). In terms of MPRA [original Act] the municipality must prepare a valuation roll after every 5 financial years. Tswelopele Local Municipality first implemented the valuation roll in accordance with MPRA prescripts on the 1st July 2022. The current valuation roll will be implemented for the fourth financial year in 2025/2026.

The municipality is proposing an increase of the tariffs on Property rates by 6% for all the properties for the 2025/2026 financial year.

3.2. Operating Expenditure Framework

The municipality budgeted for an expenditure budget of R 284 044 000 (including non-cash items of R 33 000 000). The budgeted expenditure is informed by the following:

- Balance budget constraints – the municipality must not budget for a deficit,
- Funding of the budget as based on section 18 and section 19 of Municipal Finance Management act, act 54 of 2003;
- National Treasury MFMA circulars;
- South African Local Government Bargaining Council collective agreement on salaries;
- Average CPI from 1 April 2024 to 31 March 2025.

The table below show the total budgeted expenditure:

FS183 Tswelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	##	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Expenditure											
Employee related costs	2	72 131	917	90 792	96 643	93 311	93 311	57 820	96 463	99 887	105 841
Remuneration of councillors		6 002	89	6 929	6 896	6 646	6 646	4 263	6 988	7 337	7 747
Bulk purchases - electricity	2	42 987	38 290	48 122	42 338	55 176	55 176	34 672	57 705	60 590	64 225
Inventory consumed	8	19 642	13 244	12 886	13 565	13 336	13 336	7 310	14 038	14 740	15 624
Debt impairment	3	-	-	-	10 000	10 000	10 000	-	10 000	10 000	10 000
Depreciation and amortisation		-	-	-	20 000	20 000	20 000	-	20 000	20 000	20 000
Interest		4 621	9 811	1 964	3 809	7 800	7 800	9 974	3 000	3 150	3 339
Contracted services		30 302	39 343	45 758	43 377	46 559	46 559	17 920	49 843	50 689	53 670
Transfers and subsidies		-	-	-	11	10	10	-	10	11	11
Irrecoverable debts written off		7 893	6 335	6 569	3 000	3 000	3 000	2 148	3 000	3 000	3 000
Operational costs		16 577	22 182	26 482	14 151	26 322	26 322	22 710	22 997	23 961	25 256
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	(268)	-	-	-	-	-	-	-
Total Expenditure		200 155	130 212	239 235	253 791	282 158	282 158	156 818	284 044	293 363	308 714

3.3. Analysis of Capital Budget

Tswelopele Local Municipality capital budget is funded through Municipal Infrastructure Grant. The following are the major capital projects budgeted for, which will be funded by MIG through MTREF:

2025/2026 MIG PLANNED PROJECTS

Project Description	Planned MIG Expenditure for 2025/2026
<i>PMU</i>	1 400 000.00
<i>Rehabilitation and construction of existing sports facilities in Bultfontein and Tikwana</i>	1 498 335.00
Rehabilitation of Landfill site	6 382 665.00
Construction of High Mast Lights	1 500 000.00
Installation of smart prepaid water meters	8 500 000.00
Total Grant Allocation	19 281 000.00

2025/2026 WATER SERVICES INFRASTRUCTURE GRANT PLANNED PROJECTS

Project Description	Planned WSIG Expenditure for 2025/2026
<i>Construction of internal Sewer reticulation and toilet structure (616 sites)</i>	18 440 000.00
Total Grant Allocation	18 440 000.00

4. Annual budget tables

The following tables will show annual budget tables and the analysis thereof:

Table A1

FS183 Tswelopele - Table A1 Budget Summary										
Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousands										
Financial Performance										
Property rates	26 384	38 468	41 571	34 887	30 942	30 942	30 942	42 871	45 015	47 716
Service charges	63 887	60 030	69 042	113 365	81 967	81 967	81 967	90 399	95 242	101 345
Investment revenue	670	1 883	3 229	2 382	3 200	3 200	3 200	3 219	3 380	3 583
Transfer and subsidies - Operational	82 587	99 979	101 480	105 259	104 118	104 118	104 118	109 873	111 396	111 738
Other own revenue	8 813	12 147	10 691	26 934	31 936	31 936	31 936	55 777	65 016	68 617
Total Revenue (excluding capital transfers and contributions)	182 340	212 507	226 013	282 827	252 163	252 163	252 163	302 140	320 049	332 998
Employee costs	72 131	917	90 792	96 643	93 311	93 311	93 311	96 463	99 887	105 841
Remuneration of councillors	6 002	89	6 929	6 896	6 646	6 646	6 646	6 988	7 337	7 747
Depreciation and amortisation	-	-	-	20 000	20 000	20 000	20 000	20 000	20 000	20 000
Interest	4 621	9 811	1 964	3 809	7 800	7 800	7 800	3 000	3 150	3 339
Inventory consumed and bulk purchases	62 630	51 534	61 008	55 903	68 511	68 511	68 511	71 742	75 330	79 849
Transfers and subsidies	-	-	-	11	10	10	10	10	11	11
Other expenditure	54 772	67 860	78 542	70 528	85 880	85 880	85 880	85 840	87 649	91 926
Total Expenditure	200 155	130 212	239 235	253 791	282 158	282 158	282 158	284 044	293 363	308 714
Surplus/(Deficit)	(17 816)	82 296	(13 223)	29 036	(29 995)	(29 995)	(29 995)	18 096	26 685	24 284
Transfers and subsidies - capital (monetary allocations)	(18 086)	(32 825)	58 823	45 861	46 168	46 168	4 046	37 721	34 212	51 152
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(35 902)	49 470	45 601	74 897	16 173	16 173	(25 949)	55 817	60 897	75 436
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(35 902)	49 470	45 601	74 897	16 173	16 173	(25 949)	55 817	60 897	75 436
Capital expenditure & funds sources										
Capital expenditure	3 098	6 020	3 420	51 019	48 422	48 422	28 538	40 881	48 977	56 175
Transfers recognised - capital	944	2 202	-	45 703	45 042	45 042	27 780	34 821	44 212	51 152
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	1 997	3 729	3 334	5 316	3 280	3 280	596	4 530	4 734	4 990
Total sources of capital funds	2 941	5 930	3 334	51 019	48 322	48 322	28 376	39 351	48 946	56 142
Financial position										
Total current assets	74 095	109 890	133 226	205 556	173 985	173 985	160 600	506 060	504 213	841 333
Total non current assets	636 527	650 712	745 818	137 282	134 684	134 684	744 066	159 892	135 240	171 415
Total current liabilities	156 582	130 082	227 668	87 593	112 149	112 149	285 922	393 060	398 208	686 067
Total non current liabilities	52 564	52 161	66 263	185 124	185 124	185 124	68 813	185 124	185 124	185 124
Community wealth/Equity	501 425	578 491	585 030	70 121	11 397	11 397	549 931	88 018	56 121	141 557
Cash flows										
Net cash from (used) operating	50 973	441 322	425 679	127 468	126 196	126 196	126 196	359 390	363 849	382 058
Net cash from (used) investing	(3 653)	(6 800)	(2 380)	(50 620)	(50 620)	(50 620)	(50 620)	(79 382)	(46 177)	(38 257)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	59 807	603 301	433 779	136 848	135 576	135 576	135 576	355 277	672 949	1 016 750
Cash backing/surplus reconciliation										
Non current Investments	29 192	50 332	8 072	1 294	(150)	(150)	37 107	(0)	1 400	(40 044)
Statutory requirements	(135 638)	(85 572)	(164 618)	106 113	80 285	20 285	(208 790)	22 544	(42 812)	(189 135)
Balance - surplus (shortfall)	164 830	135 904	172 690	(104 819)	(80 435)	(20 435)	245 898	(22 544)	44 212	149 091
Asset management										
Asset register summary (WDV)	577 311	553 464	600 349	134 295	131 698	131 698	131 698	92 850	88 041	78 064
Depreciation	-	-	-	20 000	20 000	20 000	20 000	20 000	20 000	20 000
Renewal and Upgrading of Existing Assets	-	-	-	25 608	10 833	10 833	10 833	1 948	22 575	23 437
Repairs and Maintenance	13 905	12 387	15 913	21 463	19 875	19 875	19 875	20 771	21 810	23 096
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	46	29	-	6 951	4 675	4 675	4 675	6 460	6 460	6 460
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Table A2

FS183 Tswelopele - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue - Functional	1									
<i>Governance and administration</i>		100 111	115 555	157 204	158 277	160 508	160 508	199 724	221 362	228 002
Executive and council		84 077	93 799	99 379	94 644	100 231	100 231	103 797	113 869	114 127
Finance and administration		16 034	21 756	57 824	63 633	60 277	60 277	95 927	107 494	113 875
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 638	1 098	2 082	1 881	1 950	1 950	1 865	1 959	2 076
Community and social services		109	69	924	638	800	800	700	735	779
Sport and recreation		1 528	984	1 096	1 242	1 150	1 150	1 150	1 208	1 280
Public safety		-	45	62	-	-	-	15	16	17
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		366	205	23 790	20 914	29 613	29 613	20 273	21 644	22 472
Planning and development		121	123	181	255	960	960	902	947	1 004
Road transport		245	81	23 609	20 659	28 653	28 653	19 371	20 697	21 468
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		62 139	62 824	101 760	147 616	106 260	106 260	117 998	109 296	131 599
Energy sources		46 803	46 845	54 811	82 600	57 892	57 892	70 213	61 834	81 182
Water management		5 373	5 555	35 631	35 226	27 077	27 077	30 169	32 535	34 380
Waste water management		6 073	6 669	7 274	14 411	10 411	10 411	10 500	9 240	9 902
Waste management		3 891	3 756	4 044	15 379	10 879	10 879	7 116	5 687	6 135
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	164 254	179 682	284 836	328 688	298 331	298 331	339 861	354 261	384 150
Expenditure - Functional										
<i>Governance and administration</i>		68 895	45 741	84 477	90 115	102 278	102 278	96 690	99 376	104 606
Executive and council		21 859	11 924	25 079	29 702	34 433	34 433	35 952	35 658	37 283
Finance and administration		47 036	33 817	59 098	60 413	67 845	67 845	60 738	63 719	67 323
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		7 278	520	10 592	11 686	11 489	11 489	12 300	12 914	13 688
Community and social services		2 520	18	3 743	3 793	3 891	3 891	4 137	4 343	4 602
Sport and recreation		4 758	468	5 152	6 323	6 181	6 181	6 686	7 020	7 441
Public safety		-	34	1 697	1 570	1 417	1 417	1 477	1 551	1 644
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		22 844	6 490	24 919	32 918	32 857	32 857	37 334	38 880	40 913
Planning and development		6 484	498	8 344	8 618	8 123	8 123	9 326	9 792	10 379
Road transport		16 360	5 992	16 575	24 299	24 734	24 734	28 008	29 088	30 533
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		101 138	77 460	119 548	119 072	135 534	135 534	137 720	142 193	149 508
Energy sources		51 655	44 935	63 231	54 911	69 988	69 988	73 079	74 988	79 074
Water management		23 091	22 092	29 663	26 307	30 518	30 518	30 797	32 112	33 769
Waste water management		14 888	7 705	15 372	20 852	21 181	21 181	19 740	20 484	21 420
Waste management		11 504	2 727	11 282	17 002	13 847	13 847	14 104	14 609	15 246
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	200 155	130 212	239 235	253 791	282 158	282 158	284 044	293 363	308 714
Surplus/(Deficit) for the year		(35 902)	49 470	45 601	74 897	16 173	16 173	55 817	60 897	75 436

Table A3

FS183 Tswelopele - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue by Vote	1									
Vote 1 - Executive		84 138	93 834	99 529	94 810	100 661	100 661	104 169	114 259	114 541
Vote 2 - Budget and Treasury Office		(13 704)	(22 967)	9 338	26 373	19 517	19 517	19 362	20 400	21 556
Vote 3 - Community and Social Services		1 696	1 142	2 062	1 914	2 430	2 430	2 345	2 463	2 610
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		1	44	52	55	50	50	50	53	56
Vote 6 - Waste Management		3 891	3 756	4 044	15 379	10 879	10 879	7 116	5 687	6 135
Vote 7 - Waste Water Management		6 073	6 669	7 274	14 411	10 411	10 411	10 500	9 240	9 902
Vote 8 - Road Transport		245	81	23 609	20 659	28 653	28 653	19 371	20 697	21 468
Vote 9 - Water		5 373	5 555	35 631	35 226	27 077	27 077	30 169	32 535	34 380
Vote 10 - Electricity		46 803	46 845	54 811	82 600	57 892	57 892	70 213	61 834	81 182
Vote 11 - Corporate Services		29 738	44 723	48 486	37 260	40 760	40 760	76 565	87 093	92 319
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	164 254	179 682	284 836	328 688	298 331	298 331	339 861	354 261	384 150
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive		28 343	12 423	33 423	38 321	42 556	42 556	45 277	45 449	47 662
Vote 2 - Budget and Treasury Office		33 288	26 827	39 684	39 697	47 418	47 418	40 227	42 183	44 494
Vote 3 - Community and Social Services		6 497	491	9 714	10 586	10 485	10 485	11 181	11 740	12 445
Vote 4 - Public Safety		725	6	812	970	897	897	979	1 027	1 087
Vote 5 - Sport and Recreation		57	23	66	130	107	107	141	148	156
Vote 6 - Waste Management		11 504	2 727	11 282	17 002	13 847	13 847	14 104	14 609	15 246
Vote 7 - Waste Water Management		14 888	7 705	15 372	20 852	21 181	21 181	19 740	20 484	21 420
Vote 8 - Road Transport		16 360	5 992	16 575	24 299	24 734	24 734	28 008	29 088	30 533
Vote 9 - Water		23 091	22 092	29 663	22 973	29 018	29 018	29 297	30 612	32 269
Vote 10 - Electricity		51 655	44 935	63 231	54 911	69 988	69 988	73 079	74 988	79 074
Vote 11 - Corporate Services		13 748	6 990	19 413	20 716	20 427	20 427	20 511	21 536	22 828
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	200 155	130 212	239 235	250 457	280 658	280 658	282 544	291 863	307 214
Surplus/(Deficit) for the year	2	(35 902)	49 470	45 601	78 230	17 673	17 673	57 317	62 397	76 936

Table A4

FS183 Tswelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	46 530	46 785	50 738	75 918	56 025	56 025	39 818	66 525	69 902	74 156
Service charges - Water	2	5 359	5 551	6 988	11 226	8 221	8 221	6 091	9 828	10 414	11 152
Service charges - Waste Water Management	2	8 106	3 938	7 272	12 626	8 626	8 626	6 238	8 715	9 240	9 902
Service charges - Waste Management	2	3 891	3 756	4 044	13 594	9 094	9 094	3 609	5 331	5 687	6 135
Sale of Goods and Rendering of Services		771	784	696	1 435	1 385	1 385	698	1 456	1 529	1 621
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	-	-	-	-	-	-	-
Interest earned from Current and Non Current Assets		670	1 883	3 229	2 382	3 200	3 200	2 439	3 219	3 380	3 583
Dividends		96	99	141	210	240	240	162	241	254	269
Rent on Land		1 058	566	595	633	600	600	562	600	630	668
Rental from Fixed Assets		776	1 340	1 050	543	520	520	866	520	546	579
Licence and permits		97	132	94	89	530	530	622	545	572	607
Special Rating Levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		2 318	2 840	428	942	5 445	5 445	241	5 402	5 422	5 447
Non-Exchange Revenue											
Property rates	2	26 384	38 468	41 571	34 887	30 942	30 942	30 554	42 871	45 015	47 716
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		523	108	932	933	1 066	1 066	650	1 012	1 063	1 126
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		82 587	99 979	101 480	105 259	104 118	104 118	79 521	109 873	111 396	111 738
Interest		3 173	6 278	6 755	22 150	22 150	22 150	5 059	46 000	55 000	58 300
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		182 340	212 507	226 013	282 827	252 163	252 163	177 129	302 140	320 049	332 998
Expenditure											
Employee related costs	2	72 131	917	90 792	96 643	93 311	93 311	57 820	96 463	99 887	105 841
Remuneration of councillors		6 002	89	6 929	6 896	6 646	6 646	4 263	6 988	7 337	7 747
Bulk purchases - electricity	2	42 987	38 290	48 122	42 338	55 176	55 176	34 672	57 705	60 590	64 225
Inventory consumed	8	19 642	13 244	12 886	13 666	13 336	13 336	7 310	14 038	14 740	15 624
Debt impairment	3	-	-	-	10 000	10 000	10 000	-	10 000	10 000	10 000
Depreciation and amortisation		-	-	-	20 000	20 000	20 000	-	20 000	20 000	20 000
Interest		4 621	9 811	1 964	3 809	7 800	7 800	9 974	3 000	3 150	3 339
Contracted services		30 302	39 343	45 758	43 377	46 559	46 559	17 920	49 843	50 689	53 670
Transfers and subsidies		-	-	-	11	10	10	-	10	11	11
Irrecoverable debts written off		7 893	6 335	6 569	3 000	3 000	3 000	2 148	3 000	3 000	3 000
Operational costs		16 577	22 182	26 482	14 151	26 322	26 322	22 710	22 997	23 961	25 256
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	(268)	-	-	-	-	-	-	-
Total Expenditure		200 155	130 212	239 235	253 791	282 158	282 158	156 818	284 044	293 363	308 714
Surplus/(Deficit)		(17 816)	82 296	(13 223)	29 036	(29 995)	(29 995)	20 311	18 096	26 685	24 284
Transfers and subsidies - capital (monetary allocations)	6	(18 086)	(32 825)	58 823	45 861	46 168	46 168	4 046	37 721	34 212	51 152
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(35 902)	49 470	45 601	74 897	16 173	16 173	24 358	55 817	60 897	75 436
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(35 902)	49 470	45 601	74 897	16 173	16 173	24 358	55 817	60 897	75 436
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(35 902)	49 470	45 601	74 897	16 173	16 173	24 358	55 817	60 897	75 436
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(35 902)	49 470	45 601	74 897	16 173	16 173	24 358	55 817	60 897	75 436

Table A5

FS183 Tswelopele - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	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	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive		513	1 182	176	535	580	580	-	330	347	367
Vote 2 - Budget and Treasury Office		97	262	114	826	680	680	-	560	565	571
Vote 3 - Community and Social Services		-	87	53	133	120	120	-	160	168	178
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	9 882	9 882	-	1 498	20 602	21 368
Vote 6 - Waste Management		-	27	77	55	50	50	-	30	32	33
Vote 7 - Waste Water Management		970	29	579	21 391	660	660	-	33 983	22 803	23 951
Vote 8 - Road Transport		1 332	4 279	1 421	2 769	18 773	18 773	-	2 600	2 730	2 894
Vote 9 - Water		181	60	108	22 199	17 026	17 026	-	70	74	78
Vote 10 - Electricity		-	-	-	3 000	501	501	-	1 500	1 500	6 568
Vote 11 - Corporate Services		5	95	893	111	150	150	-	150	158	167
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		3 098	6 020	3 420	51 019	48 422	48 422	-	40 881	48 977	56 175
Total Capital Expenditure - Vote		3 098	6 020	3 420	51 019	48 422	48 422	-	40 881	48 977	56 175
Capital Expenditure - Functional											
Governance and administration		597	1 494	1 122	1 362	1 310	1 310	1 159	940	964	994
Executive and council		495	1 137	116	425	480	480	118	230	242	256
Finance and administration		102	357	1 007	937	830	830	1 041	710	723	738
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	87	53	133	10 002	10 002	3 710	1 658	20 770	21 546
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	87	53	133	10 002	10 002	3 710	1 658	20 770	21 546
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 350	4 324	1 481	2 880	18 873	18 873	9 230	2 700	2 835	3 005
Planning and development		18	44	61	111	100	100	43	100	105	111
Road transport		1 332	4 279	1 421	2 769	18 773	18 773	9 187	2 600	2 730	2 894
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		1 151	115	764	46 645	18 237	18 237	14 439	35 583	24 408	30 630
Energy sources		-	-	-	3 000	501	501	436	1 500	1 500	6 568
Water management		181	60	108	22 199	17 026	17 026	3 609	70	74	78
Waste water management		970	29	579	21 391	660	660	10 394	33 983	22 803	23 951
Waste management		-	27	77	55	50	50	-	30	32	33
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	3 098	6 020	3 420	51 019	48 422	48 422	28 538	40 881	48 977	56 175
Funded by:											
National Government		944	2 202	-	45 703	45 042	45 042	27 046	34 821	44 212	51 152
Provincial Government		-	-	-	-	-	-	734	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Deparm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	944	2 202	-	45 703	45 042	45 042	27 780	34 821	44 212	51 152
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		1 997	3 729	3 334	5 316	3 280	3 280	596	4 530	4 734	4 990
Total Capital Funding	7	2 941	5 930	3 334	51 019	48 322	48 322	28 376	39 351	48 946	56 142

Table A6

FS183 Tswelopele - Table A6 Budgeted Financial Position

Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		4 479	10 514	17 826	136 848	135 576	135 576	36 518	358 737	313 894	455 419
Trade and other receivables from exchange transactions	1	32 242	37 683	44 203	17 684	(9 028)	(9 028)	44 146	59 822	101 856	206 277
Receivables from non-exchange transactions	1	22 487	31 875	33 669	26 002	22 185	22 185	43 119	76 409	85 521	192 319
Current portion of non-current receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	991	577	1 235	2 446	2 675	2 675	1 098	(11 484)	(4 267)	(19 891)
VAT		12 795	27 706	34 651	20 964	20 964	20 964	33 862	20 964	5 597	5 597
Other current assets		1 101	1 535	1 641	1 612	1 612	1 612	1 858	1 612	1 612	1 612
Total current assets		74 095	109 890	133 226	205 556	173 985	173 985	160 600	506 060	504 213	841 333
Non current assets											
Investments		1 052	1 176	1 630	1 426	1 426	1 426	1 630	1 426	1 426	1 426
Investment property		104 999	104 450	102 571	102 571	102 571	102 571	103 077	102 571	102 571	102 571
Property, plant and equipment	3	528 135	542 284	639 426	31 019	28 422	28 422	637 067	53 629	28 977	65 152
Biological assets		1 310	1 315	705	705	705	705	805	705	705	705
Living and non-living resources		-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-
Intangible assets		-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Other non-current assets		1 030	1 487	1 487	1 561	1 561	1 561	1 487	1 561	1 561	1 561
Total non current assets		636 527	650 712	745 818	137 282	134 684	134 684	744 066	159 892	135 240	171 415
TOTAL ASSETS		710 622	760 602	879 044	342 838	308 670	308 670	904 666	665 952	639 453	1 012 748
LIABILITIES											
Current liabilities											
Bank overdraft		-	-	-	-	-	-	-	-	-	-
Financial liabilities		1 032	3 456	7 100	2 769	2 769	2 769	7 100	2 769	2 769	2 769
Consumer deposits		1 588	1 657	1 843	1 700	1 700	1 700	1 922	1 700	1 700	1 700
Trade and other payables from exchange transactions	4	107 341	54 929	189 439	66 888	92 889	92 889	207 881	373 640	391 465	720 758
Trade and other payables from non-exchange transactions	5	29 192	50 332	8 072	1 294	(151)	(151)	37 107	9	1 411	(40 022)
Provision		11 929	12 218	12 992	863	863	863	16 345	863	863	863
VAT		4 971	6 931	7 422	14 079	14 079	14 079	15 567	14 079	-	-
Other current liabilities		530	558	801	-	-	-	-	-	-	-
Total current liabilities		156 582	130 082	227 668	87 593	112 149	112 149	285 922	393 060	398 208	686 067
Non current liabilities											
Financial liabilities	6	6 188	4 012	-	6 146	6 146	6 146	-	6 146	6 146	6 146
Provision	7	42 154	44 245	62 424	141 077	141 077	141 077	64 448	141 077	141 077	141 077
Long term portion of trade payables		-	-	-	30 000	30 000	30 000	-	30 000	30 000	30 000
Other non-current liabilities		4 221	3 903	3 840	7 901	7 901	7 901	4 365	7 901	7 901	7 901
Total non current liabilities		52 564	52 161	66 263	185 124	185 124	185 124	68 813	185 124	185 124	185 124
TOTAL LIABILITIES		209 147	182 243	293 932	272 717	297 273	297 273	354 735	578 184	583 331	871 191
NET ASSETS		501 476	578 360	585 112	70 121	11 397	11 397	549 931	87 768	56 121	141 557
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	501 425	578 491	585 030	70 121	11 397	11 397	549 931	88 018	56 121	141 557
Reserves and funds	9	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	10	501 425	578 491	585 030	70 121	11 397	11 397	549 931	88 018	56 121	141 557

Table A7

FS183 Tswelopele - Table A7 Budgeted Cash Flows											
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		14 270	20 121	25 587	47 930	47 930	47 930	47 930	32 103	32 103	29 636
Service charges		60 594	59 226	67 876	131 386	131 386	131 386	131 386	87 591	87 591	80 857
Other revenue		3 389	397 992	304 597	14 043	14 200	14 200	14 200	4 002	4 095	4 037
Transfers and Subsidies - Operational	1	124 348	92 935	99 769	106 394	104 118	104 118	104 118	109 873	111 296	111 638
Transfers and Subsidies - Capital	1	17 192	38 066	23 203	46 020	46 020	46 020	46 020	37 721	35 712	57 720
Interest		43	137	158	2 592	3 440	3 440	3 440	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(168 864)	(167 154)	(95 511)	(218 386)	(218 386)	(218 386)	(218 386)	88 099	93 052	98 170
Interest		-	-	-	(2 500)	(2 500)	(2 500)	(2 500)	-	-	-
Transfers and Subsidies	1	-	-	-	(11)	(11)	(11)	(11)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		50 973	441 322	425 679	127 468	126 196	126 196	126 196	359 390	363 849	382 058
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		14	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(3 667)	(6 800)	(2 380)	(50 620)	(50 620)	(50 620)	(50 620)	(79 382)	(46 177)	(38 257)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(3 653)	(6 800)	(2 380)	(50 620)	(50 620)	(50 620)	(50 620)	(79 382)	(46 177)	(38 257)
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		47 320	434 523	423 299	76 848	75 576	75 576	75 576	280 008	317 672	343 801
Cash/cash equivalents at the year begin:	2	12 487	168 778	10 481	60 000	60 000	60 000	60 000	75 269	355 277	672 949
Cash/cash equivalents at the year end:	2	59 807	603 301	433 779	136 848	135 576	135 576	135 576	355 277	672 949	1 016 750

Table A8

FS183 Tswelopele - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Cash and investments available											
Cash/cash equivalents at the year end	1	59 807	603 301	433 779	136 848	135 576	135 576	135 576	355 277	672 949	1 016 750
Other current investments > 90 days		(55 328)	(592 787)	(415 953)	-	-	-	(99 059)	3 461	(359 055)	(561 331)
Non current Investments	1	1 052	1 176	1 630	1 426	1 426	1 426	1 630	1 426	1 426	1 426
Cash and investments available:		5 531	11 690	19 456	138 274	137 002	137 002	38 147	360 163	315 319	456 845
Application of cash and investments											
Unspent conditional transfers		29 192	50 332	8 072	1 294	(150)	(150)	37 107	(0)	1 400	(40 044)
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	(7 823)	(20 775)	(27 229)	(6 885)	(6 885)	(6 885)	18 294	(6 885)	(5 597)	(5 597)
Other working capital requirements	3	107 341	54 929	189 439	66 888	92 889	92 889	207 881	373 640	391 465	720 758
Other provisions		12 459	12 776	13 792	863	863	863	(16 345)	863	863	863
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		141 169	97 262	184 074	62 160	86 718	86 718	246 938	367 619	388 132	675 980
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		(135 638)	(85 572)	(164 618)	76 113	50 285	50 285	(208 790)	(7 456)	(72 812)	(219 135)
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	30 000	30 000	(30 000)	-	30 000	30 000	30 000
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		(135 638)	(85 572)	(164 618)	106 113	80 285	20 285	(208 790)	22 544	(42 812)	(189 135)

Table A9

FS183 Tswelopele - Table A9 Asset Management										
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	3 098	6 020	3 420	25 411	37 589	37 589	38 933	26 403	32 738
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	2 202	-	-	12 796	12 796	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	1 500	-	5 000
Water Supply Infrastructure		181	60	108	89	70	70	70	74	78
Sanitation Infrastructure		944	-	-	20 593	16 956	16 956	33 323	22 110	23 216
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		1 125	2 261	108	20 682	29 822	29 822	34 893	22 184	28 294
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets										
Heritage Assets										
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties										
Operational Buildings		263	-	-	264	250	250	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets										
Biological or Cultivated Assets		263			264	250	250			
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets										
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		351	539	1 183	1 209	1 230	1 230	1 110	1 143	1 183
Machinery and Equipment		26	1 163	709	487	380	380	430	452	479
Transport Assets		1 332	2 057	1 421	2 769	5 908	5 908	2 500	2 625	2 783
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources										
Total Renewal of Existing Assets	2	-	-	-	3 000	501	501	-	1 500	1 568
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	3 000	501	501	-	1 500	1 568
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure					3 000	501	501		1 500	1 568
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										
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets										
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources										
Total Upgrading of Existing Assets	6	-	-	-	22 608	10 332	10 332	1 948	21 075	21 869
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	22 110	-	-	-	-	-
Sanitation Infrastructure		-	-	-	498	450	450	450	473	501
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure					22 608	450	450	450	473	501
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	9 882	9 882	1 498	20 602	21 368
Community Assets						9 882	9 882	1 498	20 602	21 368
Heritage Assets										
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties										
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets										
Biological or Cultivated Assets										
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets										
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources										

Table A9 – (continued)

Total Capital Expenditure	4	3 098	6 020	3 420	51 019	48 422	48 422	40 881	48 977	56 175
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	2 202	-	-	12 796	12 796	-	-	-
Electrical Infrastructure		-	-	-	3 000	501	501	1 500	1 500	6 568
Water Supply Infrastructure		181	60	108	22 199	70	70	70	74	78
Sanitation Infrastructure		944	-	-	21 091	17 406	17 406	33 773	22 583	23 717
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		1 125	2 261	108	46 290	30 773	30 773	35 343	24 156	30 363
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	9 882	9 882	1 498	20 602	21 368
Community Assets		-	-	-	-	9 882	9 882	1 498	20 602	21 368
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		263	-	-	264	250	250	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		263	-	-	264	250	250	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		351	539	1 183	1 209	1 230	1 230	1 110	1 143	1 183
Machinery and Equipment		26	1 163	709	487	380	380	430	452	479
Transport Assets		1 332	2 057	1 421	2 769	5 908	5 908	2 500	2 625	2 783
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		3 098	6 020	3 420	51 019	48 422	48 422	40 881	48 977	56 175
ASSET REGISTER SUMMARY - PPE (WDV)	5	577 311	553 464	600 349	134 295	131 698	131 698	92 850	88 041	78 064
Roads Infrastructure		330 942	318 683	302 606	(3 333)	(5 000)	(5 000)	(10 000)	(5 000)	(10 000)
Storm water Infrastructure		-	2 202	-	-	12 796	12 796	-	-	-
Electrical Infrastructure		292	303	4 650	(333)	(499)	(499)	94	(1 000)	3 000
Water Supply Infrastructure		10 948	10 919	59 325	12 199	(6 930)	(6 930)	(6 860)	74	151
Sanitation Infrastructure		1 110	166	1 895	21 091	17 406	17 406	15 783	473	973
Solid Waste Infrastructure		10 283	4 886	18 578	(3 333)	(7 000)	(7 000)	(21 000)	(14 000)	(28 000)
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		353 575	337 158	387 054	26 290	10 773	10 773	(21 984)	(19 454)	(33 875)
Community Assets		74 824	67 053	62 895	-	9 882	9 882	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		104 999	104 450	102 571	102 571	102 571	102 571	102 571	102 571	102 571
Other Assets		10 004	8 784	8 490	264	250	250	-	-	-
Biological or Cultivated Assets		1 310	1 315	705	705	705	705	705	705	705
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		(612)	(1 268)	(1 268)	-	-	-	-	-	-
Furniture and Office Equipment		(2 679)	(2 363)	(832)	1 209	1 230	1 230	2 340	1 143	2 326
Machinery and Equipment		957	966	1 655	487	380	380	810	452	930
Transport Assets		1 067	3 503	5 218	2 769	5 908	5 908	8 408	2 625	5 408
Land		33 867	33 867	33 861	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	577 311	553 464	600 349	134 295	131 698	131 698	92 850	88 041	78 064
EXPENDITURE OTHER ITEMS		13 905	12 387	15 913	41 463	39 875	39 875	40 771	41 810	43 096
Depreciation	7	-	-	-	20 000	20 000	20 000	20 000	20 000	20 000
Repairs and Maintenance by Asset Class	3	13 905	12 387	15 913	21 463	19 875	19 875	20 771	21 810	23 096
Roads Infrastructure		4 133	3 970	3 723	6 271	6 116	6 116	6 951	7 299	7 736
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		2 785	2 517	6 183	4 464	4 030	4 030	4 030	4 232	4 485
Water Supply Infrastructure		1 891	1 923	1 770	2 836	2 760	2 760	2 260	2 373	2 515
Sanitation Infrastructure		1 585	1 268	1 832	1 972	1 960	1 960	1 110	1 166	1 235
Solid Waste Infrastructure		1 002	634	612	809	700	700	700	735	779
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		11 396	10 311	14 119	16 352	15 566	15 566	15 051	15 804	16 752
Community Facilities		-	10	25	119	107	107	167	175	186
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	10	25	119	107	107	167	175	186
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		1	74	47	2 173	1 942	1 942	2 152	2 259	2 395
Housing		-	-	-	-	-	-	-	-	-
Other Assets		1	74	47	2 173	1 942	1 942	2 152	2 259	2 395
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		25	8	3	6	11	11	11	11	12
Furniture and Office Equipment		691	419	504	987	1 020	1 020	1 241	1 303	1 359
Machinery and Equipment		1 791	1 564	1 126	1 828	1 220	1 220	2 150	2 258	2 393
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		13 905	12 387	15 913	41 463	39 875	39 875	40 771	41 810	43 096
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	50.2%	22.4%	22.4%	4.8%	46.1%	41.7%
<i>Renewal and upgrading of Existing Assets as % of deprec</i>		0.0%	0.0%	0.0%	128.0%	54.2%	54.2%	9.7%	112.9%	117.2%
<i>R&M as a % of PPE</i>		2.4%	2.2%	2.7%	16.1%	15.2%	15.2%	22.5%	25.0%	29.9%
<i>Renewal and upgrading and R&M as a % of PPE</i>		2.4%	2.2%	2.7%	35.2%	23.4%	23.4%	24.7%	50.6%	60.2%
<i>References</i>										

5. Explanatory notes to budget

Explanatory Notes to Table A1

Table A1 is a summary of the budget of Tswelopele Local Municipality that gives an overview of the of the budget, it includes, the following key aspects.

Financial Performance: This is a summary of income statement of the Municipality;

Capital Expenditure and funding sources: This gives a brief overview of the capital expenditure and its funding sources;

Financial Position: This is the balance sheet of 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. 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.

Explanatory Notes to Table A2

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per functional classification.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4 as Table A4 exclude capital transfers.

Explanatory Note to Table A3

1. Table A3 is an overview of the budgeted financial performance in relation to the revenue and expenditure per municipal vote.
2. From the above it can be seen that all trading services are making surpluses, and this is attributable to the following.
 - a. Council proposes a 12.5% on electricity tariffs as per proposal on NERSA guideline.

- b. An increase of 6.0% on refuse, 6.0% on sewerage and 6.0% on water tariffs and 6.0% on Property rates
 - c. Cut on non-priority spending
3. Profits made on these services are used to subsidise non-trading services.

Explanatory note on table A4

1. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the budgeted revenue of Tswelopele Local Municipality
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Major component of expenditure relates to employee costs.
4. Transfers recognised – capital is increasing over the mid-term and this is due to the increase in the population of the community of Tswelopele Local Municipality according to Census 2022 data.

Explanatory note on Table A5

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

Explanatory Notes to Table A6

1. Table A6 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).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order

of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

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

Explanation to Table A7

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

Explanatory note to table A8

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. Considering the requirements of section 18 of the MFMA, it can be concluded that the draft budget for 2025/2026 MTREF is funded because Municipality anticipates making a profit over the MTREF.

PART 2

1. Municipal budget process

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 Budget Steering Committee has been established and effectively performs the required duties throughout the financial year and exercises oversight not only on the budget but the overall financial management of the municipality and advice / recommend to Council accordingly.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2024) a time schedule that sets out the process to revise the IDP and prepare the annual budget. The Mayor tabled the required IDP process plan and budget timeline schedule in line with the applicable legislation. The IDP process plan and budget timeline schedule were tabled to Council during August 2024.

As per the budget timelines all the department heads were asked to give their inputs on the annual budget. The Budget & Treasury Office of the municipality under the leadership of the Chief Financial Officer prepared the draft budget, which will be tabled to Council at the end of March 2025 as stipulated in the MFMA.

Council having approved the draft budget, the municipality must embark on the public participation process. The draft budget and revised IDP of the municipality will be placed at municipal offices and libraries in the communities and relevant stakeholders are encouraged to provide inputs on the tabled budget. The Mayor, assisted by Councillors and Municipal Officials will embark on the community consultations at various wards within the municipality.

The public participation processes is used as an arena for co-management in which the community and the municipality decide together where and how the resources will be allocated. Furthermore, it is the objective of the municipality to move away from informing the community about what it plans to do, but rather to allow the community to influence development and resource allocation.

2. Overview of the alignment of annual budget with integrated development plan

The annual review of the Integrated Development Plan is a legislative requirement in terms of section 34 of the Municipal Systems Act. It stipulates that a Municipal Council must review its integrated plan annually in accordance with an assessment of its performance measurements in terms of section 41; and to the extent that changing circumstances so demand; and may amend its integrated development plan in accordance with a prescribed process. The Annual Budget and the IDP are inextricably linked to one another, something that has been formalised through the promulgation of the Municipal Finance Management Act in 2004.

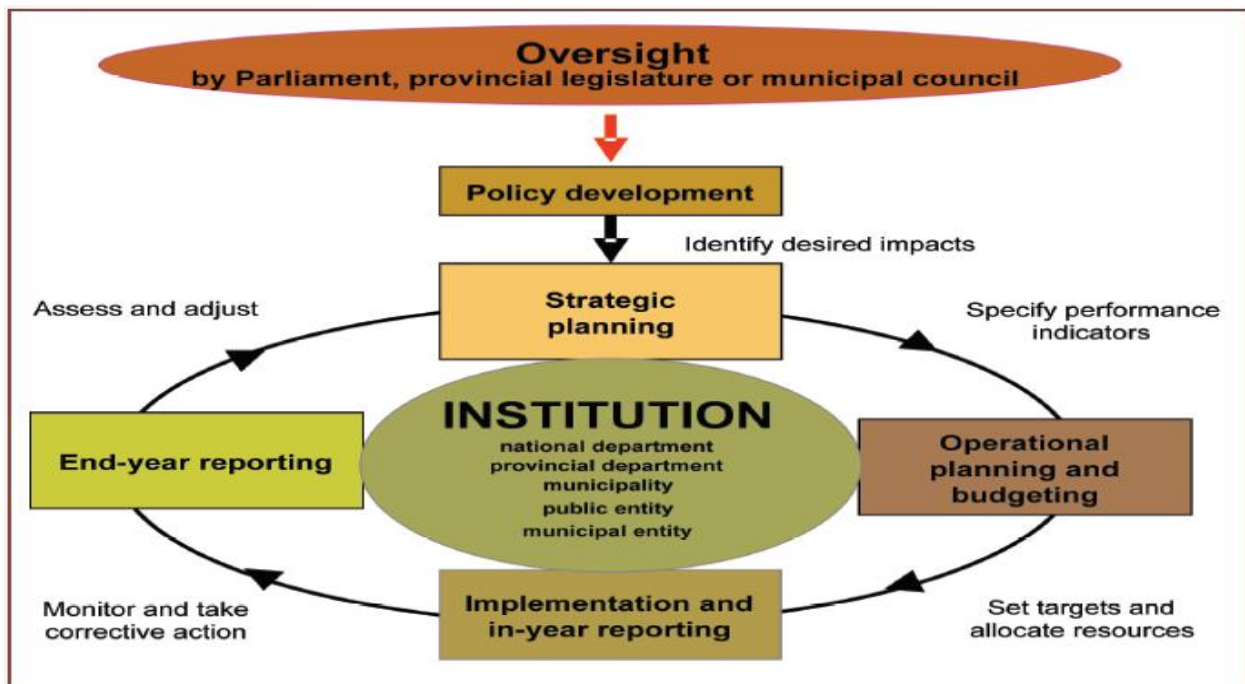
In compliance with the Municipal Structures Act and Municipal Finance Management Act the municipality's budget must be informed by and aligned to the IDP objectives. The budgetary allocations for both capital and operating expenditure need to be undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also leads to the municipality's vision being realized. This ensures that the IDP directs the development and implementation of projects.

The municipality is continually working with support of the system provider (Munsoft) to ensure compliance with the MSCOA requirements and keeping up to speed with the annual updates of the mSCOA charts. Necessary efforts are also dedicated towards ensuring that the Integrated Development Plan and Annual Budget are aligned as required by the MFMA. The process of reconciling financial plan to its Integrated Development Plan created a whole new method of budgeting at the municipality. Council will in the future ensure that priorities within the budget are focused towards its strategies and objectives.

3. Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the predetermined strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has reviewed and will operationalize its performance management framework. The following diagram further explains the process of planning, budgeting and reporting in Municipal environment:

Graph - Planning and Reporting Cycle



A concentrated effort was made during the IDP review to ensure that it contains measurable performance objectives. From the measurable performance objectives, key performance indicators will be deduced to be included in the service delivery and budget implementation plan when it is submitted to the Mayor for approval (subsequent to the approval of the IDP and MTREF by Council).

In line with section 69(3) (a) of the Municipal Finance Management Act, which requires the Accounting Officer to submit a Service Delivery and Budget Implementation Plan (SDBIP) to the Mayor no later than 14 days after the approval of the budget and drafts of the performance agreement as required in terms of section 57 (1) (b) of the Municipal Systems Act, plans are in place to ensure compliance with this prescript.

The Service Delivery and Budget Implementation Plan will provide a vital link between the Mayor, Council (executive) and the Administration, and facilitates the process for holding management accountable for its performance. It is the intention of Management to properly formulate the SDBIP to ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. The table below shows the performance indicators of the Municipality.

3.1. Performance indicators and Benchmarking

The following ratios are the analysis of performance of the Municipality for 2025/2026.

- ***Current Ratio***

The current ratio measures the ability of the municipality to pay off its short-term liability, the ratio should be 2:1, to assets.

The current ratio for 2025/2026 = 1.4:1.

- ***Gearing***

Gearing measures to what extend are the operation of the Municipality financed form Borrowings, and the gearing of the Municipality is zero (o), and this is a good sign, because it shows that the Municipality is not relying on borrowings.

- ***Creditors Management***

The municipality anticipates that it will be in a position to pay off 100% of its creditors by the due date; this is in terms of section 65 of the Municipal Finance Management Act

For long outstanding debt, the municipality is anticipating to honour the arrangements made the affected service providers.

The anticipated performance of the municipality is on an acceptable level.

4. Overview of budget related policies

Tswelopele Budget process is guided and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to govern and guide process and inform the projections of the medium term. The following are some of the budget related policies at high level:

4.1. Review of credit control and debt collection policies

The Municipality aims to increase the collection rate to average 85% by the end of 2025/2026 Financial Year. This can be achieved with the success of installation of pre-paid electricity and water meters and strict implementation of credit control collection measures.

A credible Credit Control policy has been adopted by Municipal Council. The implementation thereof is monitored regularly by the CFO.

In the 2025/2026 financial year a debtor collector will be appointed through the RT27 transversal contract. The debt collector will assist the municipality with data cleansing and credit control processed as means to recover funds that are owed to the municipality for the services that has delivered by the municipality to the community.

4.2. Asset Management Policy

The Municipality fully implemented generally recognised accounting principle (GRAP 17) and a policy on asset management was approved by council during 2024/2025 financial year. The Asset Management policy is considered as a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

The need was identified for strengthening the municipal's asset Management policy to cater for consequence management in order to ensure accountability and safeguarding of the municipal assets.

4.3. Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council during 2007 and has been reviewed on an annual basis.

4.4. Budget and Virement Policy

These policies are aimed at guiding the municipality in terms of compiling a credible and funded budget as required by the MFMA and also to guide the municipality in terms of shifting of funds during the financial year. In addition to these policies, the mid-year budget assessment is used to guide and inform the mid-year performance review and adjustment budget process.

The Municipality doesn't have an adjustment budget policy as the adjustment budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities.

4.5. Investment Policy

The cash management and investment policy was amended and approved by Council for implementation during 2024/2025 financial year. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves and conditional grants that needs to be cash-backed. There are no significant changes effected to the policy.

4.6. Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration that all proposed tariffs reflect the cost of providing such services. Over the years, the increase in tariffs was not always commensurate with the inflation rate. There were financial years where certain tariffs were not increased at all. This is currently having negative impact on the budget as the current tariffs are not cost-reflective. The need has aroused to increase the tariff with rate higher than the inflation to catch up with the years where increases were not implemented.

4.7. Property Rates Policy

Tswelopele Local Municipality's property rates policy provides a framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery, the policy is directly informed by section 229 of the Constitution of the Republic of South Africa and the Municipal Property Rates Act, act 6 of 2004.

4.8. Indigent Policy

The aim of the policy is to guide the municipality on the process of how to identify and register the indigent households in the Municipality. The indigent support policy was last reviewed during 2024/2025 financial year and this policy prescribes the threshold for indigent consumers as well as the free basic service component. The municipality has been experiencing problems where indigent consumers have been utilising services above the threshold thereby being unable to pay for the services, especially on water. There are no major changes to the policy. There is a need for the development of free basic services policy and possible promulgation of the by-law. The policy is currently being reviewed.

4.9. Bad debt write off policy

The policy guides how and when the municipality should write off its debtors, the current debtor's book is approximately R200 million and it is in the light of the above that the policy was reviewed.

4.10. Other Related Policies

Municipality has also reviewed the following policies which have direct impact on the Draft Budget of the Municipality:

- Customer Care Policy
- Deposit Policy
- Petty Cash Policy

Soft copies of the policies may be downloaded from Tswelopele local Municipality website:

www.tswelopele.gov.za

5. Overview of budget assumptions

The 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. The following tariffs were increased; Sewerage 6.0%, Refuse 6.0%, water 6.0%, Electricity 12.5% (pending NERSA approval) and property rates 6.0%. Salaries are budgeted for an increase of 5.15%, this is informed by South African Local Bargaining Council collective agreement on salaries, the agreement as was concluded. National Treasury MFMA circulars were used for other assumptions of the budget and the following are some of the assumptions made:

1. Economic climate and poverty levels within the municipality will remain the same / constant for major part of the financial year given the limited economic activities with the vicinity;
2. Cash flow projections will be strictly maintained to ensure the municipality's ability to meet its financial obligations;
3. Operational costs will be maintained at current levels or reduced as cost containment measures and where there is material decrease in revenue collection rate, expenditure will have to be reduced at the same proportion;
4. The municipality's vacancy rate is fairly low however, new vacancies will need to be filled in 2025/2026 financial as result of the review of the organisational structure. Overview of the funding of the budget

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 purposes
- Borrowed funds, but only for capital budget referred to in section 17 (2).

Tswelopele local municipality operating revenue budget totals R 302.1 million and is funded from:

- Grants
- Service Charges
- Other revenue

The capital budget of the municipal totals R 40.8 million, and is funded from:

- Municipal Infrastructure Grant
- Electricity Grant
- Water Grant
- Internally Generated Funds

6. Expenditure on Allocations and Grant Programmes

Total Grants Allocated to Tswelopele Local Municipality are disclosed on table SA18

- **Financial Management Grant**

Total allocation to Tswelopele Local Municipality is R 2 100 000, the condition of the grant is that the municipality must appoint a minimum of five (5) financial interns. The grant is used to pay for the intern's stipend, the grant is also used for training of the municipal budget and treasury office officials, the grant will also be used to fund Standard chart of account (SCOA) Project.

- **Expanded Public Works Programme**

In the 2025-2026 the municipality has been allocated R 1 659 000 in an aim to alleviate poverty and unemployment by creating work opportunities and income support to the unemployed members of the community.

It should be noted that by mid-year, this allocation is always depleted and resulting in the municipality utilising its own funds to continue creating work opportunities for those unemployed members of the community as the community of this municipality has a very high unemployment rate.

- **Municipal infrastructure grant**

The total allocation is R 19 281 000 and this amount will be spent on the following projects:

2025/2026 MIG PLANNED PROJECTS

Project Description	Planned MIG Expenditure for 2025/2026
<i>PMU</i>	1 400 000.00
<i>Rehabilitation and construction of existing sports facilities in Bultfontein and Tikwana</i>	1 498 335.00
Rehabilitation of Landfill site	6 382 665.00
Construction of High Mast Lights	1 500 000.00
Installation of smart prepaid water meters	8 500 000.00
Total Grant Allocation	19 281 000.00

- **Water Services Infrastructure Grant**

Municipality will also receive an amount of R 18 440 000 for allocation for upgrading of water infrastructure.

2025/2026 WATER SERVICES INFRASTRUCTURE GRANT PLANNED PROJECTS

Project Description	Planned WSIG Expenditure for 2025/2026
<i>Construction of internal Sewer reticulation and toilet structure (616 sites)</i>	18 440 000.00
Total Grant Allocation	18 440 000.00

7. Allocations made by the municipality

For unmetered households a flat rate will be billed for water and indigent household shall receive 100 % rebate on water consumption. All indigent households receive 50 kwh of electricity for free and 6kl of water free. The households that are 100% indigent also receive free sanitation and free removal of refuse.

8. Councillor and board members allowance and employee benefits

The actual increase will be determined when the Government Gazette on the Upper Limits of Councillors is issued and the necessary processes as per the gazette will be followed prior to implementation. The Municipal System Act requires the Municipal Manager to develop a staff establishment for the municipality within a policy framework determined by the municipal council and subject to any applicable legislation.

The Municipal Manager must submit the staff establishment to Council for consideration and approval. The Municipal System Act further requires the Municipal Manager to provide a job description for each post on the staff establishment and to attach to those posts the remuneration and other conditions of service as may be determined in accordance with any applicable labour legislation. The increase on employee benefit was according to the South African Local Bargaining Council collective agreement. In terms of the collective agreement, the municipality must fill all critical positions.

9. Contracts having future budgetary implications

In terms of regulation to the Municipal Finance Management Act, long term contracts are contracts that are more than 3 years and as such, the municipality do not have such contracts and further does not intend to enter into contracts that have future budgetary implications. In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget and Treasury Office.

10. Legislation Compliance

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

1. In year reporting

Reporting to National Treasury in electronic format is fully complied with on a monthly basis.

2. Internship programme

Tswelopele Local Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is in the draft stage.

6. Annual Report

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

7. Integrated Development Plan and approval of the annual budget

The reviewed IDP of the Municipality will be tabled to Council during March 2025 together with the Budget of the municipality. Subsequently, the public consultations will take place with the relevant stakeholders.

9. Policies and bylaws

The municipality has compiled the various policies as required by various legislations as well as the Municipal Budget and Reporting regulations. The challenge has been on implementation and adherence to such policies subsequent to their approval by Council. Bylaws are yet to be promulgated, currently at draft / compilation stage.

11. Quality Certificate



TSWELOPELE
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MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, **MLE Leseane**, the Municipal Manager of **TSWELOPELE LOCAL MUNICIPALITY (FS 183)**, hereby certify that the Tabled Draft Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act, and that the annual budget and supporting documents are consistent with the integrated development plan of the municipality.

Print Name: _____

Signature: _____

Date: _____